

COLLECTIVE AGREEMENT

between

**DIRECT INTEGRATED TRANSPORTATION INC.
OPERATING AS DIRECT TRANSPORT AND DIRECT
DISTRIBUTION CENTRES (EDMONTON BRANCH)**

and

**THE INTERNATIONAL UNION OF
OPERATING ENGINEERS, LOCAL UNION NO. 955**

Effective: September 29, 2005 to September 30, 2008

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COLLECTIVE AGREEMENT

between

**Direct Integrated Transportation Inc.
Operating as Direct Transport and Direct Distribution Centres (Edmonton
Branch)
(Hereinafter referred to as “the Company”)**

and

**The International Union of Operating Engineers, Local Union No. 955
(Hereinafter referred to as “the Union”)**

ARTICLE 1: PURPOSE

- 1.1 The purpose of this Collective Agreement shall be to record the agreement of the parties arrived at through negotiation as to the terms and conditions of employment relating to rates of pay, hours of work and other working condition of employees; to provide a method of negotiating settlements and disputes and grievances; and to establish a harmonious relationship between the Company and the employees.

ARTICLE 2: SCOPE

- 2.1 This Agreement shall cover all employees of Direct Integrated Transportation Inc., operating as Direct Transport and Direct Distribution Centres (Edmonton Branch) excluding office and clerical staff, warehouse coordinator, traffic coordinator, foreman and dispatcher, supervisor and those above.
- 2.2 New classifications and wage scales may be added to the bargaining unit from time to time, by mutual consent of the Company and the Union.

ARTICLE 3: MANAGEMENT RIGHTS

- 3.1 The Union acknowledges that it is exclusively the right of the Company to:
- a) Maintain order, discipline and efficiency;
 - b) Hire, direct and classify employees;
 - c) Promote and demote employees, or to suspend, transfer, lay-off or discharge employees for proper sufficient cause.

- d) Make and alter from time to time rules and regulations to be observed by employees provided such rules and regulations are not inconsistent with the terms of this Agreement or applicable Government Legislation.
 - e) Generally to manage the enterprise in which the Company is engaged, and, without limiting the generality of the foregoing, to determine the number of employees required and the methods, procedure, materials and equipment to be used, schedules of work and all other matters concerning the administration and operation of the business not otherwise dealt with elsewhere in this Agreement.
- 3.2 The Company agrees these rights will be exercised in a manner consistent with the provisions of this Agreement.
- 3.3 Management shall not perform duties that are normally performed by the employees they supervise except where the work is:
- a) For the purpose of instruction or coping with an emergency.
 - b) To overcome difficulties caused by the unforeseen absence of an employee(s).
- 3.4 The Company agrees to furnish all employees with a copy of the current Company rules and regulations. The Company shall forward the Company rules and regulations to the Union upon request.

ARTICLE 4: UNION RECOGNITION

- 4.1 The Company recognizes the Union as the sole bargaining agency for the employees covered by this Agreement, and hereby consents and agrees to negotiate with the Union through its designated bargaining representatives on all matters relating to rates of pay, hours of work, and other working conditions of Employees covered by this Agreement.

ARTICLE 5: UNION SECURITY

- 5.1 Every employee who is covered by this Agreement now or hereafter shall make application for union membership and maintain union membership as a condition of employment.

New employees shall within thirty (30) days after commencement of employment, make application for union membership and maintain union membership as a condition of employment.

- 5.2 The Company agrees to deduct initiation fees, monthly dues and assessments as determined by the Union on a monthly basis from the salaries

or wages of each and every employee covered by this Agreement, whether a union member or not.

- 5.3 The Company agrees to deduct each month, from the earnings of each employee coming within the scope of the Agreement, who has earnings in any portion of the calendar month, an amount equal to the monthly dues of the Union as determined by its By-Laws and Constitution.
- 5.4 The Company agrees that the aforesaid deductions shall continue during the life of this Agreement and, after the expiry date thereof, during the entire period that any negotiations are preceding with a view of concluding a new Agreement.
- 5.5 The Union agrees to advise the Company in writing, of the amount of initiation fees, monthly dues and assessments to be deducted and all amounts to be deducted shall be forwarded by the Company to the Financial Secretary of the Union on or before the tenth (10th) day of the following calendar month together with a list of names of the employees for whom the deductions have been made.
- 5.6 In consideration of the premises, and of the Company making the compulsory deductions of initiation fees, monthly dues and assessments herein provided, the Union agrees to and does hereby indemnify and save the Company harmless from all claims, demands, actions and proceedings of any kind and from all costs which may arise or be taken against the Company by reason of the Company making the compulsory check off of initiation fee, monthly dues, and assessments provided for in this Article.
- 5.7 The Union shall notify the Company and employees in writing of any changes in the amount of initiation fees, monthly dues and assessments at least one (1) month in advance of the end of the pay period in which the deductions are to be made, provided that such changes shall not occur more than twice in any calendar year.
- 5.8 The Company agrees that there shall be no discrimination against any employee because of Union activity, or for exercising any right under this Agreement, or for reporting an alleged violation of this Agreement to the Union.
- 5.9 The Union shall supply the name of its Job Steward to the Company in writing. With the Company's permission, the Job Steward shall be allowed reasonable time during regular working hours to conduct Union business and such permission shall not be unreasonably denied.
- 5.10 An authorized Representative of the Union shall have access to the employees on company premises only for the purpose of conducting Union business provided prior permission to do so has been granted by the Company Manager, such permission shall not be unreasonably denied.

- 5.11 Once per calendar year, the Company shall, upon request from the employee, allow the employee to review his personnel file. The employee may request and shall be given copies of documentation contained therein.
- 5.12 Employees are required to take direction from the Company Manager, their immediate supervisor only, or the person designated by the Company Manager.
- 5.13 Reprimands, warnings, and violations will be removed from an employee's personnel file after twelve (12) months of maintaining a clear performance record, twenty-four (24) months for discipline relating to driving, delivery and cargo claims incidents. Items once removed from a personnel file will not be used in disciplinary proceedings.
- 5.14 Where an employee is required to meet with a Company representative for the purpose of applying discipline to said employee, the employee shall, should he desire, be entitled to have a Union representative present during such meeting.
- 5.15 Where possible the Company shall inform the Union twenty-four (24) hours in advance of suspending or discharging a non-probationary employee.
- 5.16 The Company shall inform the Union and post a notice seven (7) days prior to any change in working rules.
- 5.17 New employees shall be introduced within a reasonable time period to the Job Steward for union orientation.

ARTICLE 6: PROMOTION AND SECURITY

- 6.1 An employee shall serve a probationary period of four (4) months. Employees shall attain seniority at the expiration of the probationary period, which seniority will be effective from the most recent date of hire. The Company will review an employee's performance after two (2) months.
- 6.2 If found unsuitable, a probationary employee may be dismissed by the Company, without recourse to the grievance procedure, unless the dismissal is arbitrary, discriminatory, or in bad faith.
- 6.3 The seniority list shall be prepared covering the employees of the Company covered by this Agreement as defined in Article 2 of the Agreement. The seniority list shall contain the names and hiring dates of each of the employees, along with their respective work classifications. The seniority list shall be posted on the bulletin board as of the first of each month, and a copy sent to the Union Office. The onus shall be on the particular employee involved to bring to the attention of the Company and to have any alleged

errors on the seniority list corrected, and any such alleged errors must be brought to the attention of the Company within ten (10) working days of the posting of the seniority list, otherwise any alleged errors shall be deemed to be waived.

- 6.4 Seniority earned in the employment of the Company shall be the governing factor in matters of promotion, demotion, transfer, layoff, recall after a layoff and choice of new positions that arise provided that the employee, has the ability to perform the work required.
- 6.5 The Company with consultation with the Union reserves the right to reduce staff when business conditions warrant (of which conditions the Company shall be sole judge) and in which case, senior employees, merit and ability being sufficient, will be retained in preference to junior employees.
- 6.6 (a) Vacancies in existing positions covered by this Agreement shall be bulletined in the seniority group for a period of five (5) working days and employees desiring transfer to such positions shall file their application with the officer of the Company designated in the bulletin within the said five (5) working days and the results of the bulletin shall be posted within five (5) working days of the closing date for application. A copy of the application, initialed by the Company, shall be provided to the employee at the time it is submitted.
- (b) The successful employee must demonstrate the ability to perform the work in a satisfactory manner within a trial period of fifteen (15) working days. During this time period, with reasonable cause, the employee, at his request, may return, or at the insistence of the Company with reasonable cause (including justifiable written customer complaints) will be returned to his previous position, or "call cartage" as the case may be, in either case, the employee will not be permitted to apply for another posting with that customer for a period of one (1) year.
- 6.7 (a) The Company shall have the right to fill any vacant positions for up to ten (10) working days without regard to the seniority list as the situation required.
- (b) The Company or person employee desiring to terminate the employment shall give to the person employed or the Company, as the case may be, notice of the date on which employment is to terminate, the period between the date of notice to terminate and date of termination shall not be shorter than the pay period in respect of which one regular installment of wages is paid to the employee.
- 6.8 (a) An employee whose position is abolished, or has been displaced, shall be allowed to exercise his seniority to any position to which his seniority would entitle him, and will be given a full explanation of the duties of the position, and must demonstrate his ability to perform the work within a

reasonable trial period of up to fifteen (15) working days, the length of the time dependent on the character of work. Failing to demonstrate his ability to do the work, he shall be entitled to displace a junior employee for whose position he is qualified. The employee displaced by the exercise of seniority shall move to the "call cartage" department, by seniority.

- (b) Employees exercising their rights to a contract position in accordance with this Article will be subject to a fifteen (15) working day trial period. During this time period, with reasonable cause, the employee, at his request, may remove himself, or the Company with reasonable cause (including justifiable written customer complaints) may remove the employee from the position. The employee so removed will be placed in the "call cartage department" by seniority, and the position will be posted in accordance with Article 6.6(a).
- 6.9 Seniority shall accumulate during such periods as the employee is employed by the Company, including employees who are on a bona fide leave of absence of Workers' Compensation.
- 6.10 In the instances of staff reduction, ten (10) working days notice will be given to a regular assigned employee whose position is abolished. The job steward will be supplied with a copy of such written notice.
- 6.11 The seniority of an employee shall be deemed to have ceased if an employee is laid off due to lack of work for a period in excess of six (6) months, or, if an employee accepts a position outside the bargaining unit for a period of three (3) months.
- 6.12 Seniority shall operate Bargaining Unit wide.
- 6.13 An employee shall lose all his seniority, shall be removed from the seniority list and cease to be an employee for the following reasons:
- (a) If the employee quits.
 - (b) If the employee is discharged and not reinstated through the grievance or arbitration procedure
 - (c) If the employee retires.
 - (d) If the employee is placed on layoff and not recalled within one (1) year.
 - (e) If the employee fails to return to work within fourteen (14) days of a recall notice sent by registered mail or courier, or if the employee fails to return to work at the expiration of an authorized leave of absence without providing a satisfactory explanation to the Company.

- (f) If the employee accepts a position outside the bargaining unit for a period of six (6) months.

ARTICLE 7: GRIEVANCE PROCEDURE AND ARBITRATION

7.1 Employee or Union Grievance

Should controversy arise between the Company and the employees or the Union concerning interpretation, application, meaning, operation or an alleged violation of this Agreement, including the question of whether a matter of grievance is arbitrable or not, the parties to this Agreement shall settle the matter as herein provided.

- 7.2 Unless dismissed or suspended by the Company, the employees shall continue to work in accordance with the Agreement until such time that such controversy is settled by means of negotiations between the representatives of the Company and of the Union.

- 7.3 The employee or the Union, as the case may be, shall within seven (7) working days of the occurrence of the incident bringing about the controversy, report such incident in writing to the Branch Manager of the Company. If not reported within seven (7) working days the controversy will not be subject to the grievance procedure contained herein.

- 7.4 If the controversy is not settled within seven (7) working days of the same being referred to the Branch Manager of the respective division, then the employee or the Union as the case may be, shall within fourteen (14) working days thereafter set out the grievance in writing and file same with the General Manager of the Division.

The General Manager of the Division or his designate and the Business Manager of the Union or his designate shall try to effect a settlement before advancing the grievance to Article 7.5.

- 7.5 If the controversy is not settled within fourteen (14) working days from the date that the controversy is set out in writing and filed with the General Manager of the Division or his designate then it may be at any time within seven (7) working days thereafter be referred by either party to a Sole Arbitrator. The party referring the matter shall submit the names of two (2) possible arbitrators for the other party's consideration. If within fifteen (15) working days the parties are unable to agree on an arbitrator, the Federal Minister of Labour may be asked by either party to appoint a neutral arbitrator.

- 7.6 The decision of the Arbitrator shall be final and binding upon both parties hereto.

7.7 The expenses of the Arbitrator shall be shared equally between the Company and the Union.

7.8 Employer Grievance

If a satisfactory settlement cannot be reached, the Company shall state the nature of its complaint in writing and submit a signed copy of same to the Union requesting a meeting thereof within three (3) working days.

7.9 If a settlement cannot be reached at the aforesaid meeting with the Union or any subsequent meeting which might be mutually agreed upon at the time, either party to this Agreement may request that the matter be submitted to arbitration. Such request must be made within seven (7) working day of the last meeting of the parties.

7.10 The procedure to be followed in arbitration is the same as previously set forth under Employee and Union Grievance.

7.11 Extension of Time Lines

The time lines outlined in Article 7 may be extended by mutual consent of the parties.

ARTICLE 8: LEAVE OF ABSENCE

8.1 Employees may be granted leave of absence without pay to attend their meetings and convention, but such leave will only be granted when it will not interfere with requirements of the Company as determined by the Company and provided the Company is not put to any additional expenses.

8.2 Application for leave of absence shall in any event be made in writing at least five (5) working days prior to the projected first day of absence and shall set out the reasons for same.

8.3 Employees, at the discretion of the Company will be granted, not to exceed ninety (90) days, permission to be obtained in writing and unless employees so furloughed report for duty on or before expiration of the furlough, their names shall be taken from the seniority roster, and if they return to work thereafter, such employee shall rank as new employee, provided, however, such furlough may be extended upon application in writing to the proper officer in ample time to receive permission to return to duty at the expiration of the leave, or absolute proof furnished as to bona fide sickness preventing such return. Leave of absence under this rule shall not be granted for the purpose of engaging in work outside the Company's service, except in cases involving sickness or other exceptional circumstances.

ARTICLE 9: BEREAVEMENT LEAVE

9.1 Effective date of ratification, Bereavement Leave in the amount of three (3) working days with pay shall be granted in the event of the death of a father, mother, spouse (including common-law), son, daughter, son-in-law, daughter-in-law, brother and sister provided the employee attends the funeral or is involved in the preparations thereof. One day will be the day of the funeral and the other day may be the day before or after the funeral, if they fall on regular scheduled working days.

Two (2) straight time eight (8) hour days off work will be paid in the event of the death of a mother-in-law, father-in-law, sister-in-law and brother-in-law, foster parents, grandparents or step children, provided the employee attends the funeral, if it falls on a regular scheduled day.

ARTICLE 10: JURY DUTY

10.1 Where an employee is summoned for jury duty on a normal working day or is subpoenaed to appear as a witness on a matter arising directly from his duties or activities as an employee of the Company on a normal working day, the Company agrees to pay the equivalent of an eight (8) hour day at straight time rates less any amount received for jury duty or witness duty pay for each regular work day lost

Where an employee in the course of his work, is a witness to any matter not involving the Company and is subsequently subpoenaed to appear as a witness, the Company agrees to pay the said employee up to eight (8) hours for each day for such witness duty at the straight time rates of pay less and amount the employee received for witness duty pay.

Jury and/or subpoenaed pay will not be granted if any employee is on leave of absence or when receiving benefits under the Health and Welfare Program or Workers' Compensation or annual vacation.

ARTICLE 11: VACATIONS

11.1 In assignment of vacations, January 1st of each year shall be considered as the qualifying date for annual vacation purposes, after which date annual credits commence for vacation purposes. Separate departmental lists based on seniority shall be prepared, completed and posted by the Company no later than January 31st of each year.

It is understood and agreed that the number of employees from each departmental group on vacation at one time shall be limited to the number which, the proper officers of the Company consider will not adversely affect normal operational requirements.

An employee entitled to annual vacation during the calendar year shall take such vacation as scheduled during that calendar year unless prevented by sickness or bona fide reason.

Vacation requests must be submitted to the Company in writing by March 1 of each year. The Company will inform individual employees in writing by April 1 of the vacation dates allotted to them.

Employees who do not submit a vacation request in advance of the deadline, or are unable to take their vacation as scheduled, shall be granted vacation on a first come basis. A copy of the schedule as approved by the Company will be posted on April 1st, with a copy sent to the Union office. No changes in the schedule will be permitted without agreement by the Company and the Union.

- 11.2 Where the employment of an employee ceases before the completion of a twelve (12) month period, the Company shall pay the employee an amount equivalent to four percent (4%) of the total wages of the employee, earned in the twelve (12) month period, or part thereof or any other vacation pay due him as outlined in Article 11.5 in respect of which no vacation pay has been given.
- 11.3 New employees will qualify for ten (10) working days vacation with pay upon completion of twelve (12) months continuous service. Vacation time off shall be at a time convenient to the Company, and not more than ten (10) months from the date of qualification. Subsequent vacations shall be in accordance with Article 11.1 above.
- 11.4 The Company will give to each employee an annual vacation of fifteen (15) working days with pay after five (5) years of continuous employment, as at the 1st day of January in any year.
- 11.5 Any employee dismissed for cause or an employee who leaves the service of the Company at a time when an unused portion of vacation with pay stands to his credit, shall be paid such vacation wages as are due as follows:
 - a) if the employee is entitled to two (2) weeks vacation with pay, he shall receive four percent (4%);
 - b) if the employee is entitled to receive three (3) weeks vacation with pay, he shall receive six percent (6%);
 - c) in the event of illness, injury and/or leave of absence in excess of thirty (30) days, the above formulas will be utilized to determine holiday pay.
- 11.6 In assignment of vacations, senior employees in various departmental groups will be given preference of assignment.

After vacation dates have been selected and the list prepared as herein provided, no change in dates shall be allowed unless mutually agreed to by the proper officer of the Company and the employee.

ARTICLE 12: GENERAL HOLIDAYS

12.1 The Company recognizes the following paid holidays:

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

12.2 A full days holiday, (i.e. eight (8)) working hours at the regularly hourly rate shall be granted to each regular full-time employee for the days as set out in Article 12.1 herein provided the employee:

- a) Has earned wages for part or all of each day at least fifteen (15) days during the thirty (30) calendar days immediately preceding the Holiday.
- b) Works the last regular scheduled work day before and after the Holiday, unless absent due to bona fide illness, or accident, or consent of the Company.
- c) Was not on leave of absence granted by the Company at the request of the employee.

12.3 Employees required to work on any one of the Holidays listed in Article 12.1 shall be paid at time and one-half (1½) for all hours worked, with a minimum of four (4) hours. It is agreed and understood that the eight (8) hour's general Holiday pay at the employee's regular rate of pay will be paid in addition to the pay for all hours worked, with a minimum of four (4) hours. This is in addition to Article 12.2.

12.4 Employees absent on any of the mentioned Holiday(s) due to bona fide illness (not covered by Workers' Compensation) commencing not more than thirty (30) days prior to said Holiday, shall be entitled to such Holiday pay, less the amount of insurance compensation received for the said day. Bona fide illness shall be proven to the Company's satisfaction by the production of a proper certificate from a duly qualified practitioner.

12.5 Employees on vacation during a period in which one of the above Holiday(s) is observed shall receive an additional day(s) vacation.

12.6 The work week shall be reduced by the appropriate number of hours each General Holiday(s), as outlined in Federal Labour Standards.

ARTICLE 13: HOURS OF WORK AND OVERTIME

- 13.1 The work week shall be sixty (60) hours for highway drivers; forty-five (45) hours for city drivers and swampers; and forty (40) hours for warehousemen Class A and B, Sunday to Saturday inclusive.
- 13.2 a) i) Time worked in excess of sixty (60) hours per week for highway drivers; nine (9) hours per day or forty-five (45) hours per week for city drivers and swampers; and eight (8) hours per day or forty (40) hours per week for warehousemen Class A and B shall be paid at the rate of time and one-half (1½x) of the employees regular hourly rate of pay.
- ii) Employees on an assigned day off, who are called that day, for work that day (no notice), will be paid at time and one-half (1½x) for all hours worked that day.
- iii) Employees called to work the day before, for work the next day, will be paid in accordance with 13.2 a) i).
- b) A highway driver, for the purposes of this Agreement will be defined as a motor vehicle operator outside a 16 km radius of his/her home terminal. Refer to Article 14.5.
- c) Upon request, employees will be provided with a copy of their driver trip sheets, at the time submitted to the Company.
- 13.3 Regular and overtime hours shall be calculated in fifteen (15) minute intervals to the nearest quarter (¼) hour.
- 13.4 When an employee is specifically asked to report to work he shall be paid a minimum of three (3) hours.
- 13.5 Overtime shall be authorized in such matter and by such persons as the Company may from time to time designate.
- 13.6 Employees will not generally be forced to work overtime, but it is understood and agreed that any job commenced prior to the employee's normal quitting time on any working day, will be completed once undertaken; provided the excess shall not be greater than two (2) hours, which can be extended by mutual agreement of the employee and the Company. Employees shall advise dispatch at the time of dispatch, or at any time, if they are unavailable for overtime.
- 13.7 All overtime shall be offered to employees normally performing the work on the basis of seniority, ability and qualifications being sufficient to handle the work performed, however, operational efficiency will take precedent in determining employee selection.

13.8 A meal period of not more than one (1) hour, and not less than one-half (½) hour, shall be allowed employees as soon as possible after four (4) hours of work, provided always that where certain companies with which the Company has contracts, require a specified time and/or time period for a break, the employee will abide by the specified time and/or time period.

On any day an employee takes less than the required one (1) meal period, he will obtain authorization from the Company officer responsible and the said Company officer will note on the employees time card the time involved.

13.9 Employees will not be required to suspend work during working hours for the purpose of absorbing overtime.

13.10 In the event of mixed employment, Federal Labour Standards will apply for determining daily and weekly hours of work.

13.11 The Company and the Union agree that modified work schedules may be implemented by mutual consent of the Company and the Union.

ARTICLE 14: WAGES RATES AND CLASSIFICATIONS

14.1 a) The following wage scale sets out the minimum hourly rates to be paid to employees during the term, of this Agreement.

HOURLY CLASSIFICATION	October 2, 2005	October 1, 2006	October 1, 2007
Class 1 – Tractor	\$15.51	\$16.00	\$16.50
Class 3 – Tandem Axle	\$14.04	\$14.49	\$14.94
Class 5 – Straight Truck	\$13.47	\$13.90	\$14.33
Class A – Warehouse	\$11.36	\$11.72	\$12.09
Class B - Warehouse	\$10.52	\$10.86	\$11.19
Swamper	\$10.52	\$10.86	\$11.19

MILEAGE RATES	October 2, 2005	October 1, 2006	October 1, 2007	Drop Rates
Category #1 200 – 300 Miles Return Trip	\$0.3805	\$0.3927	\$0.4049	All stops paid \$13.00 per stop
Category #2 301 – 400 Miles Return Trip	\$0.349	\$0.3602	\$0.3713	All stops paid \$13.00 per stop
Category #3 401+ Miles Return Trip	\$0.3307	\$0.3413	\$0.3518	All stops paid \$13.00 per stop
Team Mileage Rates 500 – 1200 Miles Return Trip 1201+ Miles Return Trip	\$0.2218 \$0.2015	\$0.2289 \$0.2079	\$0.236 \$0.2144	All stops paid \$12.00 per stop/driver
LCV Mileage Premiums Rocky Mountain Double Turnpike Double	\$0.050 \$0.085	\$0.050 \$0.085	\$0.050 \$0.085	All stops paid \$15.00 per stop
Extended Length – Flat Rates CGY Extended Length Trips	\$195.77	\$202.03	\$208.29	All stops paid \$15.00 per stop

All Highway trips that are less than Category #1 (200 miles return) are paid at the applicable hourly rate.

All Mileage Rates are paid PC Miler City Centre to City Centre “Practical Route”.

HBC Logistics and Canadian Tire – Hourly rate paid for all unload time at each stop (Category 1 – 3).

A stop shall refer to:

- Any stop wherein Merchandise is loaded or unloaded.
- Where both loading and unloading occur at the same location, it shall be considered one stop.
- A trailer switch where no loading or unloading takes place shall not constitute a stop.

All Highway Mileage Rates include the following:

- Vehicle pre and post trip inspections
- Initial pick up of trailer / load from customer location (max 1 hour)
- Travel time to and from Direct yard to customers facility (if applicable)

All Extended Length Mileage Rates include the following:

- Vehicle pre and post trip inspections
- Travel time to and from Direct yard to customers facility (if applicable)
- Two (2) assembly and two (2) disassembly of trailer combinations per trip (trailer coupling and uncoupling)
- All additional trailer coupling and uncoupling will be paid at the current hourly rate.

PREMIUMS	October 2, 2005	October 1, 2006	October 1, 2007
Overtime pay calculations shall not be applicable to any hourly premiums detailed below.			
Driver Retention Plan – Hourly			
After 1 year completed service	\$0.20	\$0.20	\$0.20
After 3 years completed service	\$0.30	\$0.30	\$0.30
After 5 years completed service	\$0.40	\$0.40	\$0.40
Driver Retention Plan – Mileage			
After 1 year completed service	\$0.004	\$0.004	\$0.004
After 3 years completed service	\$0.006	\$0.006	\$0.006
After 5 years completed service	\$0.008	\$0.008	\$0.008
Driver Retention Plan – Teams			
After 1 year completed service	\$0.0025	\$0.0025	\$0.0025
After 3 years completed service	\$0.0040	\$0.0040	\$0.0040
After 5 years completed service	\$0.0050	\$0.0050	\$0.0050
Night Shift – Premium	\$0.35	\$0.35	\$0.35
For all hourly paid shifts that have a start time between the hours of 4:00 PM and 4:00 AM daily in addition to their regularly hourly rate of pay.			
Reach Truck Premium	\$0.65	\$0.65	\$0.65
Based on two (2) years prior experience and competent operation of the equipment.			
Lead Hand Premium	\$0.50	\$0.50	\$0.50
Lead Hand designation will be at the discretion of the Company.			

Definition of Warehouseman

Class A:

- Must possess a valid class 5 license
- Must have a current dangerous goods handling and transportation certificate
- Must have WHMIS training
- Must have a valid forklift operators certificate

The Company will supply and pay for training costs for those employees promoted from Class "B" Warehouseman to Class "A" Warehouseman.

At no time shall the ratio of Class A Warehousemen to Class B Warehousemen exceed fifty (50%) percent. The Company reserves the right to hire or promote Class A Warehousemen at anytime.

Class B:

- All other warehousemen not possessing all of the above qualifications
- 14.2
- a) It is understood and agreed that all new employees shall be paid during their first two (2) months, fifty (50¢) cents less than the rate set out in sub Article 14.1. After two (2) months, twenty-five (25¢) cents less than the rate set out in sub Article 14.1. After four (4) months, the full rate set out in sub Article 14.1.
 - b) Truck swampers and warehousemen - Class "B", shall be paid during their first two (2) months, thirty-five (35¢) cents less than the rate set out in sub Article 14.1. After two (2) months, twenty (20¢) cents less than the rate set out in sub Article 14.1. After four (4) months, the full rate set out in sub Article 14.1.
 - c) For flat rate/mileage drivers the new hire rate shall be:
 - i) First two (2) months of employment, three percent (3%) less than the applicable rate in Schedule A including drop rates and premiums.
 - ii) The following two (2) months of employment, two percent (2%) less than the applicable rate in Schedule A including drop rates and premiums.
 - d) The Company at its discretion shall have the right to waive the new hire reduction rates and time periods.
- 14.3
- When an employee receives an upgrade in classification, the employee will be subject to a training period of one (1) month. During the training period the employee will be paid fifty (50¢) cents less than the rate set out in sub Article 14.1. However, no employee shall suffer a reduction in wages during the training period.
- 14.4
- No employee shall suffer a reduction in wages and/or benefits as a result of the signing of this Agreement.
- 14.5
- The Company and the Union agree to that the Company may remunerate employees in a manner other than by the hourly rate. The rate of remuneration and implementation shall be by mutual consent by the Company

and the Union and concurrence by the employee. The employee must receive no less than the hourly rate as indicated in the current Agreement.

ARTICLE 15: PAYMENTS OF WAGES

- 15.1 The Company shall on Friday of every second week pay to each employee covered by this Agreement, all wages, overtime and other entitlement earned by the employee up to and including the previous Sunday.
- 15.2 All wages, overtime and other entitlement owing to an employee may be paid to an employee by company pay cheque or direct deposit to an account of the employee's choice in a Bank, Treasury Branch, Credit Union, Trust Company or other corporation insured under the Canada Deposit Insurance Corporation Act (Canada).
- 15.3 When the payday falls on a holiday, wages, overtime and other entitlement will be paid on the last working day prior to the holiday.
- 15.4 An itemized statement indicating rate of pay, overtime and specific deductions, etc. for each pay period shall be provided to each employee on the Friday of every second week. A record of accumulated vacation pay shall be made available to the employees on bi-monthly basis in conjunction with the end of a scheduled pay period for their review upon request.
- 15.5 Employees who are laid off, terminated or quit shall receive wages, holiday pay, vacation pay, and other entitlement due; a statement of earnings and deductions; and a record of employment within five (5) working days of termination.

ARTICLE 16: GENERAL CONDITIONS

- 16.1 Employees shall be entitled to two (2) fifteen (15) minute rest breaks per shift. One (1) break will be in the first half of the shift and one (1) break will be in the second half of the shift.
- 16.2 Whenever it becomes necessary for an employee to undertake medical tests or for the renewal of licenses on the Company's request, the Company shall upon request, provide appropriate equipment for this purpose. Time taken off for such purpose shall be paid for by the Company at the employee's regular rate of pay to a maximum of two (2) hours.
- 16.3 The Company shall allow the employees and the Union to post meeting notices and other information that may be of interest to the employees, in an agreed upon location on Company premises.

- 16.4 Should the Company deem it necessary for an employee to wear a uniform during his course of employment, he will wear same, keeping it clean and in good repair. The cost of such uniform or portion thereof is to be borne by the Company (60%), and the employee (40%) to a maximum of once every twelve (12) months.

Where an employee's employment is terminated for any reason within the first four (4) months of employment, the employee shall be obligated to repay the portion contributed by the Company, by way of payroll deduction.

A uniform shall consist of one (1) jacket (3 in 1), two (2) pairs of pants and four (4) shirts.

Failure to comply with Article 16.4 may result in disciplinary action.

- 16.5 Employees covered by this Agreement will not be required to operate mechanical equipment when making deliveries or pickups at any other firm's premises save and except, where it is required on certain contracts held by the Company.
- 16.6 It shall not be considered a violation of his employment that a Company employee shall refuse to cross a legal picket line recognized by the Union at the place where a legal strike is in progress.
- 16.7 Employees in a higher rated classification shall not have their rates of pay reduced when assigned to work in a lower rated classification on an interim basis. Employees in a lower rated classification and assigned to work in a higher rated classification shall be paid the higher rate for hours worked in that classification.
- 16.8 It is understood and agreed that employees will be required to give notice to the Company of any impending absence from duty and whenever possible, such notice shall be given as soon as the employee involved becomes aware of such impending absence from duty and in no event shall such notice be given less than two (2) hours prior to the employee's scheduled work time.

Employees who have pre-arranged doctor's or dentist's appointments will notify the Company at least twenty-four (24) hours in advance of their pending absence from duty.

- 16.9 The Company shall provide employees with safety equipment as required by the Company – or its customers – to perform the work. With consultation with the Union, gloves of a reasonable quality will be provided, to a maximum of six (6) pairs per year, at no cost to the employees.
- 16.10 Employees shall not be ordered by the Company to take out on the streets or highways, any company vehicle which is considered unsafe by the driver and

the employee shall complete the necessary defect forms supplied by the Company regarding the defects.

- 16.11 No unauthorized personnel will be allowed to ride in any Company vehicle.
- 16.12 Effective the date of signing of this Agreement an employee involved in an accident with a company vehicle shall not be required to pay any assessment or monies to the Company.

All statements required by the Company and/or the insurer as a result of any accident or claim, must be provided by the employee with three (3) calendar days of the date of such accident or claim.

- 16.13 Employees failing to report any accidents or claims to the Company within twenty-four (24) hours may be subject to disciplinary action and/or dismissal.
- 16.14 Employees will be required to supply written authorization to enable the Company to obtain drivers abstracts. The employees will be responsible for the costs incurred for one abstract per year. If the Company requires more than one abstract per year, the Company will pay the costs of the additional abstracts. The Company will be responsible for all administration costs. In the event that an employee's drivers license has been called under review and/or suspension, the Company must be notified in writing within forty-eight (48) hours. Results of such review shall be made known to the Company within forty-eight (48) hours.

Failure to comply may result in dismissal.

- 16.15 Where safety boots are required to perform the work assignments, the Company will contribute fifty dollars (\$50.00) once per year, upon satisfactory proof of purchase. This contribution shall be not be taxed. The first year will commence after an employee's probationary period has been completed.
- 16.16 Effective the date of signing of this Agreement, an employee shall not be required to pay any assessment or monies to the Company for a cargo claim or breakage of goods.
- 16.17 Should a driver lose his license for whatever reason, the said driver will be allowed to work in another department, at the discretion of the Company, provided there is sufficient work available at the discretion of the Company. There shall be no bumping in such cases.
- 16.18 When a driver incurs reasonable out-of-pocket expenses, which have been approved by the Company, he will be reimbursed as soon as possible after returning to the terminal. Such approval will not be unreasonably withheld.

When drivers are required to be away from their home terminal, they shall be reimbursed, upon proof of payment, the cost of a hotel room, to a maximum of

seventy-five dollars (\$75.00) for the third night and every second night thereafter. This provision does not apply to "team drivers".

16.19 Wherever this Agreement is silent or inferior to the employees, Federal Government Legislation and/or Regulations shall govern and be part of this Collective Agreement.

16.20 The Company and the Union agree the Company may use Owner/Operators on a required basis subject to the following conditions:

- a) To supplement the regular work force, to provide additional help on a required basis, to cover peak work periods, and such other time as necessary to cover an absent employee.
- b) Owner/Operators shall not be contracted to the extent that their work results in the deliberate reduction of hours, displacement or recall of full-time employees.

16.21 Drivers who fail to fuel at designated company fuel stops, will be responsible for the difference in fuel prices. This provision is subject to reasonable extenuating circumstances.

16.22 When the Company deems an employee to be suitable for an upgrade, the Company shall pay the following upgrade costs to facilitate a move to a Class 1 / 3 license:

- 1) The cost of one (1) Road Test
- 2) "On the job" training by the Company as required, and
- 3) The supply of a suitable vehicle for the Road Test

16.23 Any evaluation of employees will be completed by management staff.

16.24 Drivers shall be responsible to pay all fines for moving violations and non-work related parking tickets.

16.25 All designated highway trucks shall have working air conditioning.

16.26 The Company must be made aware of any: suspension or other restriction imposed on an employee's driver's license. Failure to disclose a suspension or restriction on the employee's driver's license while continuing to operate a Company vehicle will result in immediate dismissal.

16.27 Drivers shall not be permitted to refuse to accept a work assignment dispatched to them to be performed during "normal working hours".

ARTICLE 17: HEALTH & WELFARE PLAN

17.1 The Company will provide employees covered by this Agreement with access to a health and welfare plan administered by a third party insurer, subject to the terms and conditions of the Plan and all its eligibility requirements. The level of benefits will not be reduced unless mutually agreed to by the Union and the Company.

17.2 The Plan shall provide the following benefits, the costs shall be borne equally by the Company and the employee:

- a) Life Insurance
- b) Accidental Death & Dismemberment
- c) Extended Health Coverage
- d) Dental Plan

Plan coverage will be as follows:

Eighty (80%) percent of basic coverage. The annual maximum coverage per family member for the first two (2) years of the Plan will be six hundred and fifty (\$650.00) dollars. After the two (2) year period the annual maximum coverage per family member will be increased to twelve hundred (\$1200.00) dollars.

17.3 Company to pay all administration fees and annual set-up costs.

ARTICLE 18: JOINT OCCUPATIONAL HEALTH AND SAFETY COMMITTEE/ LABOUR MANAGEMENT COMMITTEE

18.1 In the interest of maintaining harmony and efficiency within the Branch, the parties agree to establish a Joint Occupational Health and Safety/Labour Management Committee comprised of two (2) company representatives and two (2) employee representatives appointed by the Union.

18.2 The Committee shall meet once per month on Company premises during non-working hours to discuss health and safety issues that may be of concern to the parties and other issues that will promote harmony and efficiency between the parties. The Committee will not be empowered to revise or amend the terms of the Collective Agreement.

18.3 Employee representatives shall receive their straight time rate of pay for time spent at committee meetings.

- 18.4 An authorized Union representative or Company representative, other than those designated by the Company's Branch Manager may attend the meeting(s) upon invitation by the Committee or request to the Committee.
- 18.5 The Company will keep records of the Committee Meetings and a copy of such records will be forwarded to the Union.
- 18.6 Employees must immediately advise the Company of any work-related injuries.

ARTICLE 19: STRIKES OR LOCKOUTS

- 19.1 During the term of this Agreement, the Union agrees that it will not call, authorize, encourage strike, lockout or slowdown, or interruption with the production or operation of the Company by any employee, and the Company agrees that there will be no lockout.

ARTICLE 20: DURATION OF AGREEMENT

- 20.1 This agreement shall become effective on the date of ratification (September 29, 2005) and shall continue full force and effect until September 30, 2008 and thereafter from year to year, unless terminated or amended as hereinafter provided.
- 20.2 If either party to this Agreement should desire to renew or revise or terminate this Agreement, then not less than thirty (30) days, nor more than one hundred and twenty (120) days prior to the expiry date of this Agreement, such party shall give written notice to the other party, together with the particulars relating thereto, by registered mail.
- 20.3 Within thirty (30) days following the receipt of the written notice to renew this Agreement, together with the particulars relating thereto, the party receiving said notice and particulars shall be prepared to commence negotiations, and it shall so advise to the other party, together with their particulars relating thereto. Unless otherwise mutually agreed, only those matters referred to in the particulars shall be discussed at such negotiations.
- 20.4 If notice to negotiate has been given by either party, this Agreement shall remain in full force and effect during any period of negotiations even though such negotiations may extend beyond the said expiry date. Until the procedures in the Canada Labour Code have been exhausted. The parties to this Agreement shall make every effort to complete the procedures in the Code and conclude on Agreement prior to the expiry date.

Signed this _____ day of _____, 2005

**Direct Integrated Transportation Inc.
Operating as Direct Transport and
Direct Distribution Centres (Edmonton
Branch)**

**International Union of Operating
Engineers, Local Union No. 955**

Gord Alton, Vice President, Direct
Transport

Doug Gosset, Business Manager

Benjamin Hecht, Monk Goodwin
Legal Counsel for Direct Integrated
Transportation

Ron Macdonald, President

Bryan Davies, Branch Manager

Bruce Kiryluk, Recording
Corresponding Secretary

LETTER OF UNDERSTANDING - NUMBER 1

between

**Direct Integrated Transportation Inc.
Operating as Direct Transport and Direct Distribution Centres (Edmonton
Branch)
(Hereinafter referred to as “the Company”)**

and

**The International Union of Operating Engineers, Local Union No. 955
(Hereinafter referred to as “the Union”)**

Re: Part-time Employees

The Company may employ part-time employees under the following conditions:

- a) To supplement the regular work force, to provide additional help on an incidental basis, to cover peak work periods, and other such times as necessary to cover an absent employee.
- b) Part-time employees shall not be employed or scheduled to the extent that their work results in a reduction of full-time employee(s), the displacement of full-time employees, or prevents the hiring of recall of full-time employees.
- c) Part-time employees under the condition of Clause a) above shall not:
 - 1. Be entitled to benefits normally granted to full-time employees.
 - 2. Be guaranteed a minimum number of hours work per week.
- d) Remuneration for part-time employees will be at the discretion of the Employer.

All other employment conditions will be in accordance with Federal Labour Standards.
- e) A part-time employee shall be an employee whose scheduled or unscheduled hours do not exceed eighteen (18) hours in any one (1) week period.

- f) Part-time employees will not be considered part of Article 2.1 for the term of this Agreement.

Signed this _____ day of _____, 2005

**Direct Integrated Transportation Inc.
Operating as Direct Transport and
Direct Distribution Centres (Edmonton
Branch)**

**International Union of Operating
Engineers, Local Union No. 955**

Gord Alton, Vice President, Direct
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