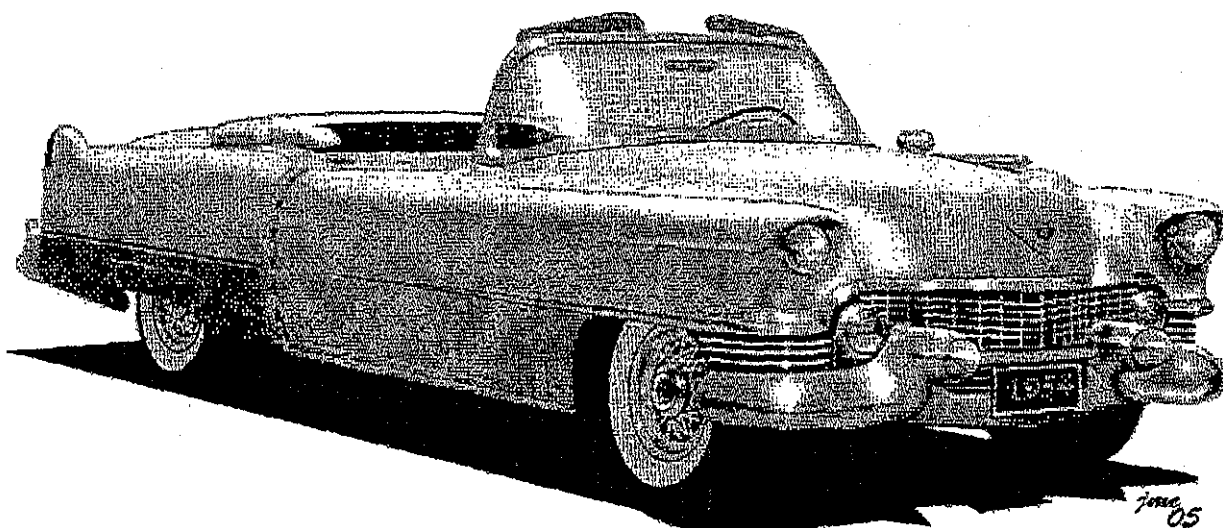


5704-60

COLLECTIVE AGREEMENT
BETWEEN
MACCARTHY MOTORS LTD.
AND
UNITED STEELWORKERS,
LOCAL 1-2171



EFFECTIVE
OCTOBER 1, 2006 TO SEPTEMBER 30, 2009

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AGREEMENT

THIS AGREEMENT entered into this _____ day of _____ 2006.

BETWEEN:

MacCarthy Motors Ltd.
5004 Highway 16 West
Terrace, B.C.

(Hereinafter known as the "Company")
PARTY OF THE FIRST PART

AND:

United Steelworkers, Local 1-2171

(Hereinafter known as the "Union")
PARTY OF THE SECOND PART

PREAMBLE:

It is the intent and purpose of the parties hereto that this Agreement will promote and improve industrial and economic relationships between the Employees and the Company, and to set forth herein the basic Agreement between the Parties hereto.

The Company accepts responsibility to observe each and all provisions and conditions of this Agreement, and to promote orderly and peaceful relations with the employees.

The Union accepts responsibility to observe each and all provisions and conditions of this Agreement and promote orderly and peaceful relations with the Company.

Wherever a masculine reference is used in this Agreement, it shall be deemed to include the equivalent feminine reference.

ARTICLE I - BARGAINING AGENCY

Section 1: Recognition

The Company agrees to recognize and bargain with the duly elected bargaining representative on behalf of its employees properly and duly certified under the appropriate regulations in effect from time to time.

Section 2: Bargaining Authority

The Party of the First Part agrees that the bargaining authority of the Second Part shall not be impaired during the term of this new Collective Agreement. The Party of the First Part agrees that the only certification they will recognize during the term of this new Agreement is that of the Party of the Second Part, unless ordered by due process of law to recognize some other bargaining authority.

ARTICLE II - DEFINITION

The term "employee" as used and for the purpose of this Agreement shall include all persons employed by the Company on whose behalf the I.W.A. Canada, Local 2171 has been certified as bargaining agent except and excluding Foremen and others having authority to hire and fire, office staff, sales and supervisory personnel.

ARTICLE III - MANAGEMENT

- (a) The management of the operation and the direction and promotion of the employees are vested exclusively in the management, provided however that this will not be used for the purpose of discrimination against employees.
- (b) The Company shall have the right to select its employees and to discipline them or discharge them for proper cause.
- (c) The Company also reserves the right to supplement and alter, from time to time, rules and regulations to be observed by the employees; said regulations and rules not being inconsistent with the provisions of this Agreement.

ARTICLE IV - UNION SECURITY**Section 1: Cooperation**

The Company will cooperate with the Union in obtaining and retaining as members the employees as defined in this Agreement, and will present to employees, and to all Supervisor and Foremen, the Policy herein expressed.

Section 2: Union Shop

All employees who entered the employment of the Company on or after the Date of Certification and all new employees shall, within thirty (30) calendar days after the execution of this Agreement of thirty (30) calendar days after entering employment, whichever date last occurs, become members of the Union and maintain membership therein throughout the term of this Agreement, as a condition of continued employment.

Section 3: Maintenance of Membership

Any employee who is a member in good standing, or is reinstated as a member of the Union, shall as a condition of continued employment, maintain such membership in good standing throughout the term of this Agreement

Section 4: Discharge of Non-Members

Any employee who fails to maintain his membership in the Union as prescribed herein by reason of refusal to pay dues and assessments, shall be subject to discharge after seven (7) days written notice to the Company of the said employee's refusal to maintain his membership.

Section 5: Union Membership

No employee shall be subject to any penalties against his application for membership or reinstatement, except as may be provided for in the I.W.A. Canada Constitution and in accordance with the By-Laws of Local 2171, which the Local Union certifies as being correct as of April 3, 1995

Section 6: Check-off

The Company shall require all new employees, at the time of hiring, to execute the following assignment of wages in duplicate, the forms to be supplied by the Union. All check-off forms to be forwarded to the Local Union within fifteen (15) days of hiring.

United Steelworkers, Local 1-2171
CHECK-OFF

Starting Date _____ 20__

Name of Employer

Name of Employee

Operation

Address

Phone

Postal Code

PLEASE PRINT

Social Insurance Number

Are you a Member of U.S.W., Local 1-2171 (I.W.A. Canada)? _____

In what U.S.W. (I.W.A.) operation were you last employed?
_____ Local Union _____

I HEREBY AUTHORIZE AND INSTRUCT YOU TO DEDUCT FROM MY WAGES AND REMIT TO LOCAL 1-2171 THE FOLLOWING IN PAYMENT OF THE AMOUNT SET OUT BELOW:

1. Union Initiation Fees in the amount of \$ _____
2. Union Back Dues in the amount of \$ _____
3. Union Dues \$ _____ per month, commencing _____ 20__
4. Union Assessments in the amount and at the time stated in notice received by you from the Local Union designated above.

Clock No _____

Received Time Jan 19 1:34PM

APPLICATION FOR MEMBERSHIP

I hereby request and accept membership in the United Steelworkers, Local 1-2171 (I.W.A. Canada) and agree to abide by the constitution and by-laws of the organization. In the case of misstatement of qualifications, I agree to forfeit all rights, privileges and monies paid.

Signature of Applicant - Employee

This assignment in the case of employees already members of the Union shall be effective immediately, and for those employees not previously members of the Union, it shall become effective thirty (30) calendar days from the date of execution

The Company shall remit the dues deducted pursuant to such assignment (until and unless said assignment is revoked by the employees) to the Local Union named therein, no later than the fifteenth day of the month following the month in which the deduction was made from the employee, with a written of the names of the employees for whom the deductions were made and the amount of each deduction.

Section 7: Social Insurance Number

The Company shall furnish the Union with the Social Insurance Number of each employee on its payroll on the first occasion when dues are forwarded to the Union after the employee enters the employment of the Company.

ARTICLE V - WAGES

Section 1:

- (a) The wage rate of all employees shall be those listed in the Wage Supplement attached to this agreement
- (b) Bodymen and Mechanics will remain on the flat rate system, except where otherwise indicated in this agreement

Section 2:

- (a) Mechanics shall be paid according to the hours required to complete each job, as stipulated in the Chilton's Professional Labour Guide, and not according to the actual time clocked on the job.
- (b) This clause shall cover all repairs and governs the pay earned on repairs, except:
 - (i) Manufacturer warrantable repairs, which shall be paid in accordance with times stipulated by that manufacturer.
 - (ii) Certain operations, not covered by the Chilton Professional Labour Guide, shall be paid on a straight time basis

- (iii) Repairs on newer vehicle models not covered by the Chilton Professional Labour Guide which shall be paid in accordance with the factory allowed time.
 - (iv) Diagnostic and job preparation time above and beyond that already allowed for in the stipulated flat rate shall be paid on a straight time basis only when authorized in advance by management.
 - (v) Certain competitive operations of installation, repair and service for which the Company has established a price and time list in line with the pricing policy, and such changes to the aforementioned list, which, after conferring with the Union Committee, may be deemed necessary in order to adjust to market conditions, or which, may be suggested by the manufacturer or supplier from time to time. The Company will not unreasonably change any provisions to the price and time list described herein.
- (c) Bodymen shall be paid according to the hours allotted for each job as stipulated in the ICBC Estimate or in the case of non ICBC work the estimate prepared by the Body Shop Foreman, based on Mitchell Manual and the Body Shop Foreman's experience and estimation and not according to the actual time clocked on the job.
- (d) This clause shall cover all repairs and governs the pay earned on repairs, except:
- (i) Manufacturer warrantable repairs, which shall be paid in accordance with times stipulated by that manufacturer.
 - (ii) Certain competitive operations of installation, repair and service for which the Company has established a price and time list in line with the pricing policy, and such changes to the aforementioned list which, after conferring with the Union Committee, may be deemed necessary in order to adjust to market conditions, or which, may be suggested by the manufacturer or supplier from time to time. The Company will not unreasonably change any provisions to the price and time list described herein.
- (e) Mechanics to be paid one dollar and fifty cents (\$1.50) per hour more than their regular rate of pay when they are required to work on trucks one (1) tons or over, Motor Homes, Van Conversions and Cube Vans.
- (f) Journeymen mechanics required to do Goodwrench Service plus Lube Oil Filter services will be paid .5 hours at the negotiated rate of pay.

Section 3:

Flat rate earnings shall be further subject to a minimum pay guarantee as follows:

- (a) A guarantee of not less than ninety percent (90%) of actual clocked time during any pay period will apply, regardless of how many hours the employee earned

under the flat rate system, subject only to the provisions of Article VII (d) and (e), the minimum call to work guarantee.

- (b) For all employees who will be deducted the clocked time required to complete a chargeback, this deduction will be made on a pay period basis subject to the overall guarantee of ninety percent (90%) of actual clocked time for the pay period in which the deduction is made. Chargebacks to be done by the employee who did the original work wherever possible.
- (c) The flat rate system will not generate overtime provisions unless more than eight (8) hours has been worked in an eight hour shift or unless more than ten (10) hours has been worked in a ten hour shift.
- (d) When no mechanical or body work is available and employees are requested to remain at the work site on standby, they will be paid a standby rate. The standby rate shall be equal to fifty percent (50%) of their regular rate. Management must specifically request an employee to remain on standby. To accomplish this, each two tenths (0.2) hour of time clocked on standby must be punched on the time ticket separately and must be initialled by Management / Tower operator. Standby time not initialled by Management will not be paid.
- (e) When no mechanical or body work is available and employees are specifically requested by management to perform maintenance or other non trade work, they will be paid at their regular rate. Management must specifically request an employee to perform maintenance or other non trade work and regular stall cleanup before and after a job are not to be considered shop maintenance.
- (f) Flat rate or straight time jobs must be punched and documented by the technician in accordance with the manufacturer's guidelines in order to be paid by the employer.
- (g) Chargebacks due to clerical errors shall be limited to one week.

ARTICLE VI - PAY DAYS

- (a) The Company shall provide for pay days every second Friday.
- (b) The cut-off date for payroll purposes shall not be more than one week prior to payday.
- (c) Employees shall receive an itemized statement of hours worked indicating overtime hours, earnings and deductions.

ARTICLE VII - HOURS OF WORK AND OVERTIME

- (a) Regular hours of work shall be between 7:30 a.m. and 7:30 p.m. Monday through Saturday inclusive. The Company shall have the right to require employees to report for work at various times within the regular work hours. The Union acknowledges that the employees will have staggered starting and finishing times in a normal work day. A break of not less than one (1) hour shall be provided for lunch during this period. The Company agrees that it will confer with the Union Committee prior to changing hours of work from the current work schedule or prior to changing the lunch break to less than one (1) hour if it becomes necessary for business reasons to make such changes.
- (b) Notwithstanding anything to the contrary, elsewhere in this Agreement it is understood and agreed by the Parties that the physical capacity of the Company's plant is nearing its capacity for automotive body and mechanical repairs, and it is agreed that in order to provide for increased capacity, and thereby, increased job opportunity, the Company may, after agreement with the Union Committee, institute a system of rotating ten (10) hour day, four (4) day week, shifts. It is also understood and agreed that such a ten (10) hour day, forty (40) hour week will, if implemented, comprise a normal work shift and that no overtime provisions or shift premium will be triggered by the first ten (10) hours in a day for forty (40) hours in a week.

It is also understood and agreed for the same above reasons that after agreement with the Union Committee, the Company may implement two (2) eight hour shifts per day. In the event that the Company should exercise this option, it is also understood and agreed that the regular hours of work as outlined in Sub Section (a) above will be changed to read "6:00 a.m. and 12:00 o'clock, midnight, Monday through Saturday inclusive"

In filling any new shift patterns the Company will recognize seniority and the specific skills necessary to effectively operate its business.

- (c) For the purpose of taking a physical parts inventory on not more than two (2) occasions in each calendar year, employees who are called to work on a Sunday or Sundays, or on a Statutory Holiday or Holidays, for such purpose, shall be paid at time and one-half (1½) of their regular rate of pay unless a day off is given in lieu of that worked day. Bargaining Unit people will be given first opportunity of such work in order of seniority. Bargaining Unit employees employed to do inventory taking work will be paid at the "Shipper Receiver Rate" excluding partsmen who are taking inventory during their regular hours. All other hours worked on Sunday or Statutory Holidays shall be paid at double (2) their regular rate of pay.

The Company reserves the right to use outside auditing agencies on special occasions

- (d) Any employee called for work and finding no work available due to reasons beyond his control shall be entitled to two (2) hours pay at the usual rate

- (e) When an employee is called for work and starts work, he shall receive four (4) hours pay at his regular rate unless his work is suspended because of inclement weather, or other reasons completely beyond the control of the Company.
- (f) In the event an employee is called back to work after completing a shift and leaving the work premises, he shall be guaranteed a minimum of two (2) hours pay at overtime rate.
- (g) All employees, except flat rate employees, shall be entitled to two (2) fifteen minute rest periods during each regular shift.
- (h)
 - (i) Time worked in excess of eight (8) hours in one day or forty (40) hours in one calendar week shall be classed as overtime, and shall be paid at the rate of time and one half (1½) for the first three (3) hours and double (2) time thereafter.
 - (ii) All hours worked on Sundays shall be paid at double (2) time rates.
 - (iii) Employees who are required to work two (2) hours or more overtime at the end of their shift will be entitled to one (1) additional fifteen minute coffee break.
 - (iv) All employees shall receive one fifteen (15) minute paid coffee break during each regular shift at 10:00 am at each regular day shift.

ARTICLE VIII - SENIORITY

Section 1:

- (a) Notwithstanding anything to the contrary contained in this Agreement, it shall be agreed that all employees are hired on probation to continue for forty-five (45) working days or three hundred and sixty (360) hours, whichever comes first, during which time no seniority rights shall be recognized. Upon completion of forty-five (45) working days or three hundred and sixty (360) hours, whichever comes first, they shall be regarded as regular employees, and then be entitled to seniority dating from the day they entered the Company's employ.
- (b) It is understood and agreed that during the probationary period an employee may be terminated without cause if, in the opinion of the Company, he or she is, or will be, unsuitable for regular employment by the Company.
- (c) Vacancies shall be posted in advance for a period of not less than three (3) working days except where otherwise agreed.
- (d) In House Job Postings shall be posted for a minimum of seventy two (72) hours.

Section 2:

- (a) The Company recognizes the principle of seniority, competency considered.

- (b) In the event of a reduction of the forces, the last hired person shall be the first released, subject to the provisions of paragraph (a) above.
- (c) It is agreed that when employees are to be rehired after a lay off, it shall be done on the basis of the last person released shall be the first person re-employed, subject to paragraph (a) above.
- (d) When re-employing after a lay off, employees shall be notified at least twenty-four (24) hours in advance of the time they are required to report to work.
- (e) When re-employing after a lay off, employees who are out of town at the time of re-call shall be notified at least forty-eight (48) hours in advance of the time they are required to report to work and the Company will endeavour to provide continual employment upon return to work.
- (f) It shall be the employees responsibility to keep the Company informed of his address during the period of the lay off.
- (g) It is agreed that all employees shall, upon returning to employment, in accordance with this Section, retain all seniority rights.

Section 3:

It is agreed between the Parties that seniority during lay off shall be retained on the following basis:

- (a) Employees with less than one (1) years' service will retain their seniority for a period of eight (8) months.
- (b) Employees with one (1) or more years' service shall retain their seniority for one (1) year, plus one (1) additional month for each year of service, up to an additional six (6) months.

Section 4:

It is agreed that upon request of the Union, a list will be supplied by the Company setting out the names and starting dates with the Company of each regular employee. However, such request shall not be granted more than twice during each year of the term of this Agreement, however, in special circumstances the Union may request an additional seniority list.

Section 5:

The Parties agree that when employees are to be laid off or recalled and it is not the intent of the Company to do so strictly by seniority, Management and the Shop Committee shall meet and attempt to resolve problems that arise in regard to competency and ability of the employees affected. This section does not remove the member's right to grieve or the local's right to arbitrate.

ARTICLE IX - LEAVE OF ABSENCE

Section 1: Injury or Illness

The Company will grant leave of absence to employees suffering injury or illness for the term of this Agreement, subject to a medical certificate if requested by the employer. In cases of prolonged leave under this section, the employer shall, at their expense have the right to request additional updated medical certificates from a medical examiner of the employer's choice every thirty (30) days. The employee shall have a reasonable period of time to present such a medical certificate. The employee shall report or cause to have reported the injury or illness which requires his absence to the Company as soon as may be reasonably possible.

Section 2: Maternity Leave

Pregnancy/Parental Leave shall be granted to employees according to the provisions of the B.C. Employment Standards Act, Part VII. Such leave shall be without pay.

Section 3: Written Permission

Any employee desiring leave of absence must obtain permission in writing for such leave, except in cases of illness or injury covered by Section 1 above.

Section 4: Personal Leave of Absence

The Company will grant leave of absence up to six (6) months without pay to employees for compassionate reasons or for educational or training or for extended vacation purposes unless such leave of absence will unduly deplete the crew or will impair production, or inhibit the normal functioning of business, conditional on the following terms:

- (a) That the employee apply at least one (1) month in advance unless the grounds for such application could not reasonably be foreseen
- (b) That the employee shall disclose the grounds for application.
- (c) Subject to operational requirements that the Company will not be unreasonable in granting such leave where a bona fide reason is advanced by the applicant.
- (d) That the Company shall be required to consult with the Shop Committee in respect of any application under this section.

Section 5: Bereavement Leave

- (a) When death occurs to a member of a regular full-time employee's immediate family, the employee will be granted an appropriate leave of absence for which he will be compensated at his regular straight-time hourly rate of pay for his regular work schedule for a maximum of three (3) days.

- (b) Members of the employee's immediate family are defined as the employee's spouse, mother, father, brothers, sisters, sons, daughters, mother-in-law, father-in-law, stepchildren, grandparents, brothers-in-law, sisters-in-law, and grandchildren.
- (c) Compensable hours under the terms of this Section will be counted as hours worked for the purpose of qualifying for vacations and for recognized paid holidays, but will not be counted as hours worked for the purpose of computing overtime.

Section 6: Jury Duty

Any regular full-time employee who is required to perform jury duty, including Coroner's jury duty, or who is required to appear as a Crown witness or Coroner's witness on a day on which he would normally have worked will be reimbursed by the Company for the difference between the pay received for the said jury or witness duty and his regular straight time hourly rate of pay for his regularly scheduled hours of work. It is understood that such reimbursement shall not exceed one week and shall not be for hours in excess of eight (8) per day or forty (40) per week, less pay received for said jury or witness duty. The employee will be required to furnish proof of jury or witness service and jury or witness duty pay received.

Section 7: Union Business

The Company will grant unpaid leave of absence to employees for Union business subject to the conditions and terms described in (a), (b) and (c) below, and on the condition that the Union will make every effort in requesting such leaves of absence to avoid requests that will unduly deplete the crew or will impair production, or inhibit the normal functioning of business. In such cases, the Union will cooperate with the Company in selecting alternate employee. It is agreed that before the employee receives this leave of absence, the Company will be given due notice in writing by the Union

- (a) The Company will grant leave of absence to employees who are appointed or elected to Union office for a period up to and including one (1) year.

Further leave of absence may be granted by mutual consent. The employee who obtains this leave of absence shall return to his Company within thirty (30) calendar days after completion of his term of employment with the Union.

- (b) The Company will grant leave of absence to employees who are elected as representatives to attend Union meetings and Union conventions or as members of any Negotiating Committee of USW (I.W.A.) in order that they may carry out their duties on behalf of the Union.

- (b) In order for the employer to replace the employee with a competent substitute, it is agreed that before the employee receives this leave of absence, as set out in Clauses (a) and (b) above, the employer will be given due notice in writing; in the

case of (a), twenty (20) calendar days; and in the case of (b), five (5) calendar days.

Section 8: Public Office

The Company will grant unpaid leave of absence to employees for Public Office subject to the conditions and terms described in (a), (b) and (c) below, and on the condition that the such leave of absence will not unduly deplete the crew or will impair production, or inhibit the normal functioning of business. It is agreed that before the employee receives this leave of absence, the Company will be given due notice in writing.

- (a) The Company will grant leave of absence for campaign purposes for Federal, Provincial or Municipal elective public office for periods up to and including eight (8) weeks, provided the Company is given due notice in writing of twenty (20) days, unless the need for such application could not reasonably be foreseen
- (b) Employees elected or appointed to Federal, Provincial or Municipal office shall be granted as much leave as is necessary during the term of such office. Municipal office holders, where the term of public office is served intermittently, shall give the Company reasonable notice for absences from work for conducting Municipal business.
- (c) The employee who obtains this leave of absence shall return to his Company within thirty (30) calendar days after completion of public office.

ARTICLE X - VACATIONS WITH PAY

- (a) Employees with one (1) or three (3) years service shall receive two (2) weeks vacation and the pay therefore shall be based on four point five percent (4.5%) of the total wages or salary earned by the employee during the working year.
- (b) Employees with three (3) to nine (9) years service shall be entitled to three (3) weeks vacation and the pay therefore shall be based upon six point five percent (6.5%) of the total wages or salary earned during the period of entitlement.
- (c) Employees with nine (9) to fifteen (15) years service shall be entitled to four (4) weeks vacation and the pay therefore shall be based upon eight point five percent (8.5%) of the total wages or salary earned during the period of entitlement.
- (e) Employees with fifteen (15) years to twenty (20) years of service shall be entitled to five (5) weeks vacation and the pay therefore shall be based on twelve (12%) percent of the total wages or salary earned during the period of entitlement.
- (f) All earned vacations must be taken.
- (g) Scheduling of earned vacations to be taken shall be subject to the following restrictions:

- (i) Selection of vacation time shall be strictly according to seniority prior to a March 1st holiday posting.
- (ii) Only one (1) employee, including working supervisors, from each Department may be away from the job during any given week for vacation or training.
- (iii) No employee may schedule more than two (2) consecutive weeks unless doing so does not conflict with the vacation in the same Department, or impair production, or inhibit the normal functioning of business. The granting of permission to take more than two (2) consecutive weeks under this clause shall not be unreasonably withheld.
- (iv) Exceptions to (ii) and (iii) above may be permitted by mutual agreement of the Parties.
- (v) Only one technician from any specialty group may be away from the job during any given week.
Subject to below.
All together only 2 technicians may be away from the job during any given week from December 15 – February 15.

ARTICLE XI - STATUTORY HOLIDAYS

- (a) The legal recognized holidays are and shall be recognized as paid Statutory Holidays, without being worked:

New Years Day
Good Friday
Victoria Day
Dominion Day

British Columbia Day
Labour Day
Thanksgiving Day
Remembrance Day

Christmas Day
Boxing Day

- (b) To qualify for Statutory Holiday pay, an employee must have been on the Company payroll for thirty (30) calendar days and must have worked fifteen (15) days in the thirty (30) calendar days immediately preceding the Statutory Holiday and must have worked his last regularly scheduled work day before, and his first regularly scheduled work day after the holiday, unless his absence is due to a compensable occupational injury or illness, or the employee is on authorized leave of absence
- (c) In the case of illness or injury, the Company shall have the right to request a certificate from a qualified medical practitioner.
- (d) Notwithstanding any of the foregoing provisions, the employee must have worked one day before and one day after the holiday, both of which must fall within a period of ninety (90) calendar days.
- (e) Should an employee be required to work on any of the above paid Statutory

Holiday, he shall receive time and one half (1½) for the hours worked, in addition to his regular pay.

- (f) Part time employees working less than twenty (20) hours per week will be entitled to Statutory Holiday provisions as stipulated in the BC Employment Standards Act.

Employees working more than twenty (20) hours per week on a regular basis will receive the Statutory Holiday provisions on a pro rata basis.

ARTICLE XII - GRIEVANCE COMMITTEE

A Grievance Committee shall be elected to consist of four (4) employees elected by the Union members employed in the operation covered by this Agreement.

Members of the Grievance Committee shall have completed their probationary period with the Company

ARTICLE XIII - GRIEVANCE PROCEDURE

The Company and the Union recognize that grievances may arise concerning difference between the Parties in regard to the interpretation, application, operation or alleged violation of the provisions of this Agreement. If such grievance arises, it shall be resolved without stoppage of work in accordance with the procedure set out in the following manner:

- (a) The individual employee, with or without the Job Steward, shall first take up the matter with the Foreman directly in charge of the work within fourteen (14) days from the occurrence of the event or events giving rise to the grievance or from the time when the employee has knowledge or may be reasonably presumed to have knowledge of such event or events.
- (b) If a satisfactory settlement is not reached, it shall be then reduced to writing by both Parties when the same employee and the Grievance Committee shall take up the grievance with the Manager. The Union Business Agent may accompany the Committee.
- (c) If the grievance is not then satisfactorily solved, it shall be referred to the Local Union and Management.
- (d) If a satisfactory settlement is not then reached, it shall be dealt with by arbitration as hereinafter provided.
- (e) If a grievance is not advanced to the next stage under step (a), (b), (c) or (d) within fourteen (14) days after completion of the preceding stage, then the grievance shall be deemed to be abandoned, and all rights of recourse to the grievance procedure shall be at an end. The fourteen (14) day limit may be extended by mutual consent of both Parties.

ARTICLE XIV - ARBITRATION PROCEDURE

In the event of any grievance arising out of the interpretation, application, operation of, or any alleged violation of this Agreement, between the Employer and the Union,

relative to this Agreement, which the Parties hereto are unable to settle between themselves, shall be determined by arbitration in the following manner:

- (a) Either Party may notify the other Party in writing by registered mail of the question or questions to be arbitrated, and the name and address of its chosen representative to the Arbitration Board.
- (b) After receiving such notice and statement, the other Party shall within three (3) days, appoint an Arbitrator and give notice in writing of such appointment, and the name and address of its arbitrator.
- (c) If the two arbitrators appointed by the Parties fail to agree upon a Chairman of the Board within seven (7) days, they shall forthwith request the Minister of Labour (BC) to appoint a Chairman.
- (d) The decision of the Arbitration Board shall be majority vote, and all decisions which have been referred to arbitration shall be final and binding on the Parties of the First and Second Parts.
- (e) The Parties of the First and Second Parts will each bear the expenses and charges of their representatives on any Arbitration Board, and shall bear equal portions of the expenses and allowances of the Chairman, Stenographic and secretarial expenses and rent.
- (f) By mutual agreement, a grievance may be referred to a single Arbitrator.
- (g) Any arbitration to be held thereunder shall be held in the City of Terrace, or at such place as may be decided by the Board.

ARTICLE XV - GENERAL PROVISIONS

Section 1:

During the life of this Agreement, there shall be no strikes or lockouts by the Parties of this Agreement in respect of any matter arising out of the Agreement for which arbitration is provided under the terms of this Agreement.

Section 2:

- (a) Protective clothing shall be supplied by the Company to all employees whose duties entail work injurious to their clothing such as radiator men, battery men, and steam cleaner men. Employees shall be expected to take reasonable care of equipment and clothing supplied.

- (b) Where overalls, uniforms or coveralls are required by the Company, they shall be supplied by the Company. The present practice in regards to coveralls will remain in effect for the term of this Agreement, with the Company supplying and cleaning all coveralls at no expense to the employee.
- (c) The Company agrees to provide, wherever possible:
- (i) Proper washing facilities, including hot and cold water, hand cleaner, towels, and wash basins.
 - (ii) A lunch space of sufficient size to accommodate the staff.
 - (iii) Adequate heat and ventilation in the garages.
- (d) Employees, except apprentices attending regular Provincial Apprenticeship School, required to report for work or for training outside the company's premises shall be paid for all time spent working, training and or travelling at straight time up to a maximum of eight (8) hours pay in each twenty-four (24) hour day plus all transportation, hotel and meal expenses. Meals limited to Fifty (\$50.00) dollars per day with receipts. Hotel room to be chosen by Management and hotel expenses to be limited to room and taxes. Travel or training time shall not be considered in calculating for overtime.
- (e) Employees required to fly to Vancouver for training will receive two (2) hours travel time from Terrace to Vancouver, and two (2) hours travel time from Vancouver to Terrace. If a training course day is less than eight (8) hours in duration and travel is on the same day, travel time will not be paid for the amount of time that is equal to less than the eight hours maximum training time.
- Employees required to travel for educational purposes on there days off shall receive a minimum of two (2) hours call in time in addition to two hours travel time.
- Employees who are required to travel to Prince George or any other place for training purposes, shall be supplied a vehicle by the company. If a vehicle is not available and the employee is required to use his own vehicle, he shall be compensated at \$.25 per km for all transportation expenses.
- (f) No employee shall solicit or undertake work, on the Company premises which could be construed in any way as competitive to the Company.
- (g) If an employee, in addition to his regular work, is the holder of an Industrial First Aid certificate and is required to act as First Aid Man, he shall receive \$5.00 per week in addition to his regular pay
- (h) The Company will assign specific work to mechanics who are most qualified to perform the job.

- (i) The Company agrees to give each employee, at his termination, a statement of his period of employment and if, within three (3) days of his dismissal, an employee delivers to the Company a written request for reasons for his dismissal, the Company will, within three (3) days of receiving the request, mail to the employee a written statement of such reasons.
- (j) Safety equipment as required by appropriate Government Authorities or Agencies, shall be made available to the employees by the Company, at the Company's wholesale cost.
- (k) The Employees required to wear boots are entitled to a \$100.00 per year boot allowance with receipts.

Section 3: Tools

- (a) All employees tools and tool boxes, kept on Company premises shall be insured against Fire and Burglary. This insurance coverage shall have a one hundred and fifty dollar (\$150.00) deductible and be limited to a maximum of thirty thousand dollars (\$30,000) coverage on any one employee. Costs of such insurance to be borne by the Company.
- (b) The Parties agree to cooperate in maintaining proper inventories of employee's tools kept on Company premises but it shall be the employee's ultimate responsibility to keep such inventories up to date, in writing, with copies provided to Management, to ensure that employees will be properly compensated for losses sustained because of burglary or fire.
- (c) The Company agrees to supply each apprentice, shop helper or lube technician with one (1), ½ inch air impact wrench following the completion of his/her probation period. Ownership of these tools will be retained by the Company and they are to be returned upon termination or resignation of employment.
- (d) The Company agrees that tools owned by the employees and used in the performance of their assigned work, shall be repaired or replaced by the Company at no cost to the employee, if broken in the performance of their assigned duties provided that:
 - (i) The employee has been in the employ of the Company for a period of not less than six (6) months, and
 - (ii) The tool has not been broken or rendered unusable through abuse or neglect, and
 - (iii) The tool is not covered by the tool manufacturer's warranty.

ARTICLE XVI - HEALTH AND WELFARE

Section 1: Medical and Dental Coverage

- (a) The Company will provide for employees and their immediate dependents, basic medical coverage through the Medical Services Plan of British Columbia.
- (b) The Company will provide for employees and their immediate dependents, Extended Health Benefits.
- (c) The Company will provide for employees and their immediate dependents, Dental coverage as described in the Employees F.A.D.A Benefit Plan Booklet:
Dental 1 - Reimbursement is 85% of insured charges. Maximum is unlimited.
Dental 2 - Reimbursement is 85% of insured charges. Maximum is unlimited.
Dental 3 - Reimbursement is 50% of insured charges. Maximum is \$1500.00 per person in any calendar year.
- (d) The costs of coverage in this section shall be borne by the Company.

Section 2: Sick Leave

- (a) The Company will provide two (2) days sick leave in each year of the two year agreement. Two (2) unused days in one year may be rolled over into year two of the Agreement.

Should an employee take the rollover provision, a Doctor's slip will be mandatory.

The Company will pay for the Doctor's slip.
- (b) An employee who is injured on the job shall receive four (4) hours pay on eight (8) hour shift or five (5) hours pay on a ten (10) hour shift.

Section 3: Extended Health Provision

Eye exams to be covered and a payment of up to a maximum of three hundred (\$350.00) dollars per person in any twenty-four consecutive month period, may be used for the purchase of eyeglasses. Eye exams are to be covered by the Insurance provider.

Section 4: Insurance Coverage

- (a) The Company agrees to continue the Employee Benefit Plan coverage presently in effect which provides:
 - (i) Life Insurance coverage - two times the employee's annual salary to a maximum of One Hundred and Thirty-Five Thousand dollars (\$135,000.00).

- (ii) Accidental Death and Dismemberment coverage.
 - (iii) Weekly Indemnity Wage Loss Benefit as described in the Employees Benefit Plan Booklet.
 - (iv) The Union will be provided with a copy of the Plan Text for Fringe Benefits Plans, and all employees will be supplied with booklets explaining their entitlement to coverage.
- (b) The cost of coverage for Life Insurance and Accidental Death and Dismemberment will be paid by the employer.
 - (c) The cost of the Weekly Indemnity Plan will be paid by the employee.
 - (d) In the event of a lay-off the employer will, at the employee's option, continue to pay the employer's share of the premium as follows:
 - (i) Employees with one (1) or more years' seniority, four (4) months.
 - (ii) Employees with more than four (4) months but less than one (1) years' seniority - two (2) months.

Section 5: Long Term Disability Plan

The Long Term Disability Plan will continue to be provided as described in the Employees Benefit Plan Booklet on the following general principles:

- (a) The Plan will continue to be funded on a one hundred percent (100%) employee funded basis.

Section 6: Insurance Policy

The eligibility requirements and payment of benefits under the Group Insurance Plans are governed by the Contracts of Insurance, which do not form a part of this Agreement. The Union acknowledges that the Company's liability with respect to this Article is limited solely to making the Group Insurance Plans available and to making the payment of the Company's share of the premiums.

Section 7: Employee Responsibility

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 of all Group Insurance Plans and that neither the Union, nor the Company, has any direct responsibility for ensuring that all requirements for eligibility coverage or benefits entitlement are met by the employee beyond the obligations specifically stipulated in this Agreement.

ARTICLE XVII - UNION ACTIVITIES

Section 1: Shop Stewards

Shop Stewards shall be recognized and shall not be discriminated against.

Section 2:

When it is desirable or necessary for Union representatives to enter the Company's premises, permission shall first be obtained from Management.

Section 3:

The Company agrees to provide adequate space in a permanent location for a bulletin board for the sole purpose of posting notices and letters pertaining to Union business.

ARTICLE XVIII - TRAINING PROGRAM

- (a) The Company shall continue to cooperate with the Apprenticeship Training Branch of the British Columbia Department of Labour in maintaining a training program for apprentices. On request of any employee, the Company shall make reasonable adjustments in work schedules to permit such employees to take time off work or to take Leave of Absence to participate in an approved program of training for the purpose of improving or upgrading his skills or job performance.
- (b) During any such training period or Leave of Absence, the seniority of the employee shall be retained. During any such training period or Leave of Absence for a period of up to four (4) months, the Company shall continue to make payment for welfare benefits on behalf of the employee at the same rate as if the employee were regularly employed.
- (c) It is understood and agreed that apprentices may be indentured under the provisions of the Apprenticeship Act of the Province of British Columbia.
- (d) The Union agrees to instruct employees to attend a staff meeting and instructional sessions, not to exceed two (2) hours aggregate each month. Such instruction sessions are to be supplied by the Company and the Company agrees to give sufficient advance notice to employees regarding dates on which such staff meetings and instructional sessions are to be conducted. There shall be no compensation paid to employees unless such meeting extend beyond an aggregate of two (2) hours per month in which case the Company shall pay straight time rates only for time actually attended, such time not to be considered in calculations for overtime purposes.
- (e) In addition, the Union agrees to instruct employees to attend Manufacturers' or

Suppliers' instruction courses supplied by the Company. The Company agrees to use its best efforts to arrange these courses during normal working hours. If

the courses must be held during non-working hours, the Company shall pay up to two (2) hours at straight time rates, per month for time actually attended, such time is not to be considered in calculation for overtime purposes. There shall be no compensation for such Manufacturers or Suppliers' instruction courses beyond the said two (2) hours maximum pay.

- (f) The employer shall have the right to determine its training requirements according to its business needs. Wherever possible the employer will take into account rotational training needs to ensure that every employee has an equal opportunity for training and upgrading.
- (g) In the event an employee has less than eight (8) hours work in a day, on an eight (8) hour shift or less than ten (10) hours work on a ten (10) hour shift and the employer is going to send the employee home, the employer may at their own discretion, direct an employee to watch an instructional video (however, this is not to exceed his normal work day) and the employer will pay seventy-five percent (75%) of the employee's normal wage for the time spent watching the instructional video.
- (h) The Company recognizes the value of employees obtaining further training in an attempt to obtain a better livelihood. To this end the Company will provide wherever practical, meeting operational requirements, opportunities for those currently employed by the Company.
- (i) In the event employees are required to travel out of town for training purposes, they will be required to work two (2) production days if the course is one (1) day; one (1) additional production day if the course is two (2) days and no additional production days if the course is three days.
- (j) The Union agrees to instruct employees to complete General Motors Technicians Guild Exams, General Motors Parts Training Exams or other similar manufacturers' Training and Recognition programs.

ARTICLE XIX - CONTRACTORS AND SUB-CONTRACTORS

The introduction of a Contractor will not result in the loss of employment for employees within the bargaining unit.

ARTICLE XX - PENSION PLAN

The Company will retain its present payroll deduction Group RRSP and continue to pay the administration costs of the plan.

Effective January 1, 1996, employees may contribute to the Company's Group RRSP Plan, by payroll deduction up to four percent (4%) of their gross earnings. Based upon

Seniority, the Company will contribute up to fifty percent (50%) of what the employees contributes to a maximum of eight hundred dollars (\$800.00) per participating employee per year.

The employee's contribution must be made through regular monthly or weekly payroll deductions. The Company requires thirty (30) days written notice by the employee to institute or revise employees contributions to the plan. Withdrawing of funds from the plan prior to retirement or termination will result in suspension of the Company's contributions on behalf of that particular employee, until all withdrawn funds are redeposited in full by the employee.

Probationary employees are excluded from the provisions of this program. To participate in the RRSP program, the employee must have worked for the Company at least one (1) year.

Any employee that has worked ten (10) years or more shall have the Company contribution raised to \$1100.00 per year.

ARTICLE XXI - NOTICE OF ABSENCE

Section 1: Regular Attendance

Employees are required to attend work regularly. When unable to attend the employee must contact his supervisor as far in advance as possible of his scheduled starting time, giving the reason he is unable to attend work, the date of his expected return and the details as to where he may be contacted during his absence.

Section 2: Return to Work

Where an employee is returning to work from a absence because of illness or injury, the Company may require verification from the employee's Physician that the employee is fit to return to work, including the extent and duration of any limitations on the employee's ability to perform his normal job safely.

Section 3: Independent Medical Examination

The Company reserves the right to require a second medical opinion about an employee. The Company also reserves the right to obtain a copy of any medical opinion prepared for the insurance company that provides benefits under the Company's Group Insurance Plan.

ARTICLE XXII - DURATION OF AGREEMENT

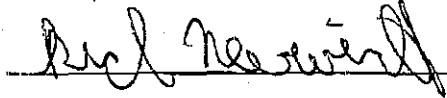
The Parties hereto mutually agree that this Agreement shall be effective from and after the first day of October 2006 to the thirtieth day of September 2009 from year to year unless four (4) months written notice of contrary intention is given by the Parties. The notice thereunder shall be valid and sufficiently served at the Head Office of the Party of the First Part or at the Local Office of the Local Officers of the Union, Party of the Second Part, at least four (4) months prior to the expire of any yearly period. If no Agreement is reached at the expiration of this contract and negotiations are continued, the Agreement shall remain in force up to the time that a subsequent Agreement is reached, or until negotiations are discontinued by either Party.

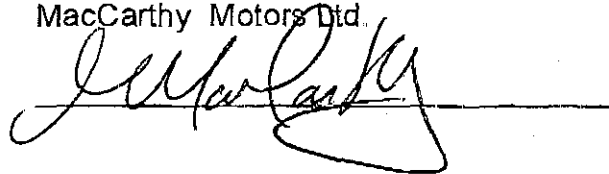
The Parties hereto agree that the operation of Section 50 of the Labour Relations Code of British Columbia, is excluded from this Agreement.

Dated this 18th day of January, ²⁰⁰⁷~~2006~~ 2007

FOR THE UNION:
United Steelworkers, LOCAL 1-2171

FOR THE COMPANY:
MacCarthy Motors Ltd.





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Usw 2171
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LETTER OF UNDERSTANDING

BETWEEN:

MACCARTHY MOTORS LTD.

AND:

UNITED STEELWORKERS, LOCAL 1-2171

RE:

PARTS DEPARTMENT MANAGER

It is understood and agreed that the Company will continue to employ a "Parts Manager" as established prior to certification of the current bargaining unit.

In addition, he will not be a member of the bargaining unit

As "Working Parts Manager", he will continue to perform the duties of a Qualified Partsman on a part-time basis as established prior to certification of the current bargaining unit.

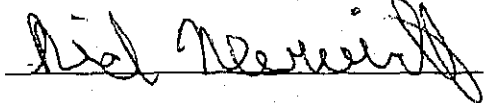
It is further understood and agreed that any duties of a Qualified Partsman performed by the Working Parts Manger will not cause the layoff of any regular member of the current bargaining unit.

To all the foregoing Parties do hereby agree.

Dated this 18 th day of January, ²⁰⁰⁷~~2006~~.

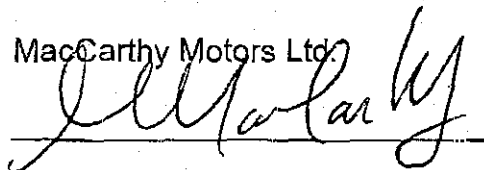
FOR THE UNION:

United Steelworkers, LOCAL 1-2171



FOR THE COMPANY:

MacCarthy Motors Ltd



/in
Usw 1-2171

LETTER OF UNDERSTANDING

BETWEEN:

MACCARTHY MOTORS LTD.

AND:

UNITED STEELWORKERS, LOCAL 1-2171

RE:

GENERAL PARTS AND SERVICE MANAGER

It is understood and agreed that the Company will continue to employ a "General Parts and Service Manager" as established prior to certification of the current bargaining unit.

In addition, he will not be a member of the bargaining unit

The "Working General Parts and Service Manager" will continue to perform the duties of a Qualified Partsman on a part-time basis as established prior to certification of the current bargaining unit.

It is further understood and agreed that any duties of a Qualified Partsman performed by the Working Parts and Service Manger will not cause the layoff of any regular member of the current bargaining unit.

To all the foregoing Parties do hereby agree.

Dated this 18th day of January, ²⁰⁰⁷~~2006~~ *ely*

FOR THE UNION:

United Steelworkers, LOCAL 1-2171

Rich Newirth

FOR THE COMPANY:

MacCarthy Motors Ltd.

JM ely

/In
Usw 1-2171

LETTER OF UNDERSTANDING

BETWEEN:

MACCARTHY MOTORS LTD.

AND:

UNITED STEELWORKERS, LOCAL 1-2171

RE:

BODY SHOP FOREMAN

It is understood and agreed that the Company will continue to employ a "Working Body Shop Foreman" as established prior to certification of the current bargaining unit.

In addition, he will not be a member of the bargaining unit.

The "Working Body Shop Foreman" will continue to perform the duties of a Journeyman Bodyman.

It is further understood and agreed that any work performed by the Body Shop Foreman will not cause the layoff of any regular member of the current bargaining unit. In addition, the Bodyshop Foreman will ensure that all work is allocated on an available basis, without prejudice to any Journeyman Bodyman.

Dated this 18th day of January, ²⁰⁰⁷~~2006~~

FOR THE UNION:

FOR THE COMPANY:

United Steelworkers, LOCAL 1-2171

MacCarthy Motors Ltd.

Rich Newirth

J. McCarthy

/s/
Usw 1-2171

LETTER OF UNDERSTANDING

BETWEEN:

MACCARTHY MOTORS LTD.

AND:

UNITED STEELWORKERS, LOCAL 1-2171

RE:

MCEWAN MOTORS BODY SHOP COMMITTEE

The Parties to this Agreement agree that during the three (3) months after the ratification of this Agreement, the Parties will meet to discuss possible solutions to the unprofitable circumstance that exists within the Body Shop. The Committee will be comprised of three (3) management personnel; Gary McCarthy, John Cooper and George DaCosta. The Union may appoint three (3) members to this Committee.

The Company will pay for any lost time for those employees whose wages are reduced because of their involvement in this Committee.

If MacCarthy Motors is unable to find a satisfactory resolution to the unprofitable situation in the Body Shop, the Company will not have compromised its ability to close the Body Shop. If the Company ultimately closes the facility, it will provide the requisite notice required by the current Agreement.

For those laid off employees that have the required skill and ability (competency required), the Company will seek alternate employment within the Company.

It is the intent of the Parties to investigate all avenues to resolve the outstanding issues.

Dated this 18th day of January, 2007

FOR THE UNION:

United Steelworkers, LOCAL 1-2171

Rick Newirth

FOR THE COMPANY:

MacCarthy Motors Ltd.

Gary McCarthy

/In
Usw 1-2171

MacCarthy Motors Ltd.
Memorandum of Agreement

<u>Wage Supplement</u>	<u>Oct.1/05</u>	<u>Oct.1/06</u>	<u>Oct.1/07</u>	<u>Oct.1/08</u>
Mechanics Journeyman	26 42	27.21	27 72	28.24
Apprentices				
8 th six months 90%	23.79	24.50	24.99	25.49
7 th six months 80%	21.13	21.79	22.22	25.93
6 th six months 75%	19.82	20.42	20.83	21.25
5 th six months 70%	18.50	19.06	19.44	19.83
5 th six months 65%	17.18	17.70	18.05	18.41
3 rd six months 60%	15.84	16.32	16.65	16.98
2 nd six months 55%	14.55	14.99	15.29	15.60
1 st six months 50%	13.22	13.62	13.89	14.17
BodyMen				
Leadhand	25 38	26.14	26.66	27.19
Journeyman	24.22	24.95	25.45	25.96
Apprentices				
8 th six months 90%	21.80	22.45	22.90	23.36
7 th six months 80%	19.38	19.96	20.36	20.77
6 th six months 75%	18.17	18.72	19.09	19.47
5 th six months 70%	16.95	17.46	17.81	18.17
5 th six months 65%	15.75	16.22	16.54	16.87
3 rd six months 60%	14.54	14.98	15.28	15.59
2 nd six months 55%	13.33	13.73	14.01	14.29
1 st six months 50%	12.12	12.48	12.73	12.99
Body Shop Preparation Man				
Start to six months	11.78	12.13	12.37	12.62
Six months to twelve months	13.10	13.49	13.76	14.04
Twelve months to eighteen months	14.43	14.86	15.16	15.46
Eighteen months to twenty four months	15.75	16.22	16.54	16.87
Partsmen				
Counterperson (5 th Year and Over)	20.35	20.96	21.38	21.81
8 th six months 96%	19.53	20.12	20.52	20.93
7 th six months 92.5%	18.82	19.39	19.78	20.18
6 th six months 88.6%	18.02	18.56	18.93	19.32
5 th six months 85%	17.30	17.82	18.18	18.54
5 th six months 81%	16.48	16.97	17.31	17.66
3 rd six months 77.3%	15.73	16.20	16.52	16.85
2 nd six months 73.5%	14.96	15.41	15.72	16.03
1 st six months 69%	14.04	14.46	14.75	15.05
Shipper/Receiver	12 12	12.48	12 73	12.99
Warehouse Clerk	10 85	11.18	11.40	11.63
GSP Technical	14.44	14.87	15.17	15.47
Helpers				
(Body Shop and Mechanical Shop/Lube Boy)	9 82	10.89	11.11	11.33

Lot Boys	(over 24 months)	12.70	13.08	13.34	13.61
	(Zero - 24 months)	9.24	9.51	9.70	9.89
Entry Level (1st six months)		8.71	8.97	9.15	9.33
Chargehand		14.34	15.29	15.60	15.91
Detailer		13.18	14.35	14.64	14.93

Note: Car washers shall receive a seventy five cent (75) increase on October 1, 2006.

Note: GSP Employee will be paid the scheduled rate for all hours worked

Note: Working Chargehand of the Detail Shop works under the supervision of the Sales Manager.

- He is responsible for the scheduling of workloads for the Detail Shop.
- He is responsible for the detail work of the new and used vehicles on the Mechanical Shop.
- He attends weekly sales meetings.

Note: The Body Shop personnel, only after a three month period from the date of ratification of this Agreement, will then receive the above increases.

/s/
Usw 1-2171

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