

# **Bell Canada**

## **Proposed Modifications to the Collective Agreement**

2007 Bargaining between Bell Canada and the Communications, Energy and Paperworkers Union of Canada (CEP)

October 4, 2007

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## **1.Competitive Landscape**

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# Competition is Everywhere

## Telecommunication Providers



## VoIP Resellers



## IT Services

## Equipment Manufacturers



## Application Providers



For the first time in its history, Bell must fight credible and well-established competitors on all fronts.

# A Changing Landscape

**1977**

- ❖ One District, One General Manager responsible for a geographical area and One function.
- ❖ Leaders are responsible for 8 technicians focussed on one function.
- ❖ Competition is non-existent.
- ❖ Limited technology: focus is on building the infrastructure and residential coverage.
- ❖ Our customers have only one option. Service levels are government-regulated. Client retention does not depend on service levels.



**2007**

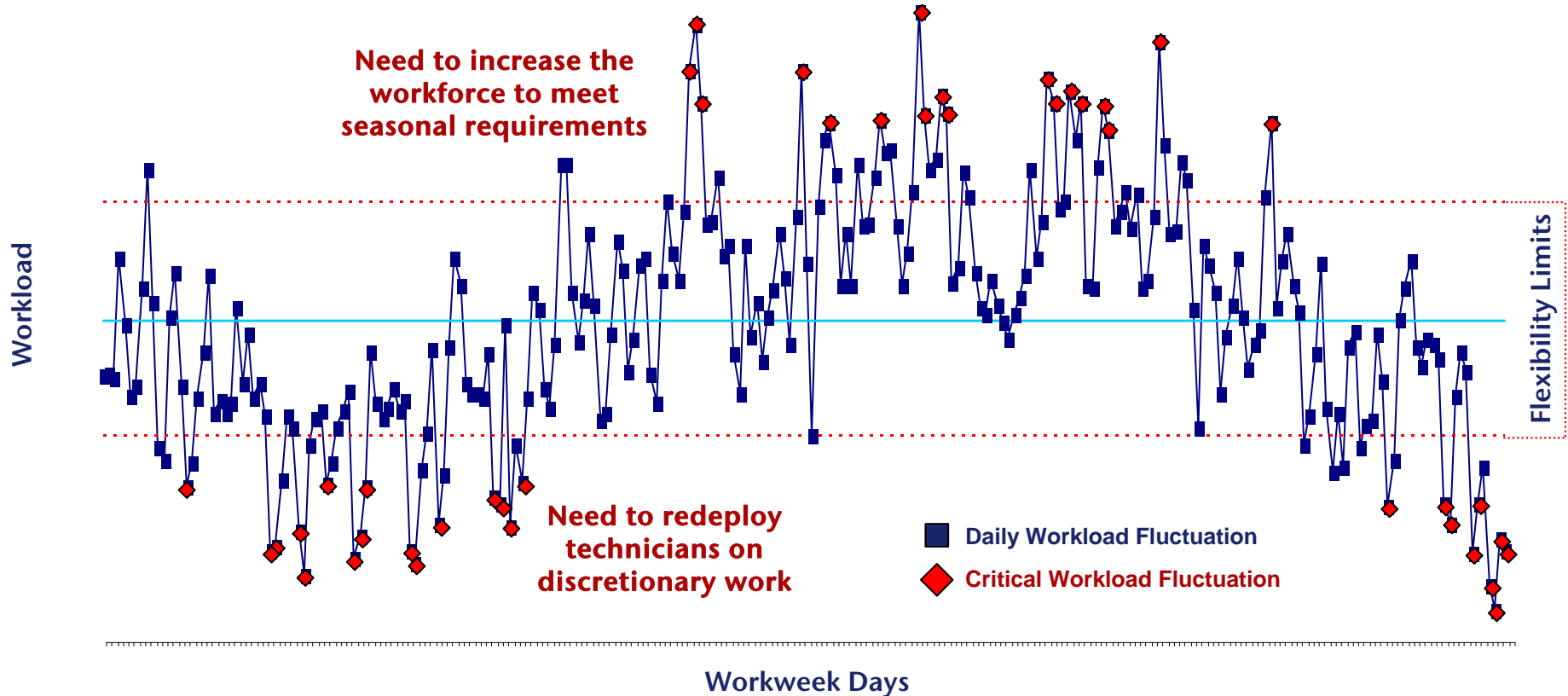
- ❖ One District, One General Manager responsible for both provinces and several functions.
- ❖ Leaders are responsible for more than 25 technicians in multiple locations across a host of technologies.
- ❖ Competition is everywhere; and our competitors are good.
- ❖ Multiple and complex technologies; focussed on applications (Data/IP) and service bundles.
- ❖ Our customers have clear, credible and positive alternatives. Customer retention is highly dependent on service levels, product offerings and price.



**Like our customers, our service, our products and our structure, our collective agreement needs to evolve. This is critical to our success.**

# Our Reality: the Triple Complexity Workload

Typical Workload Fluctuation  
Daily, Weekly & Monthly Activities for 2006



The workload is not stable throughout the year.  
We cannot change that reality, but we can and need to adjust to it.



# Our Challenges: Flexibility

- ▶ **We must offer customer service and products that are superior to competitors'**
  - ▶ But we must first focus on closing the existing gap
  
- ▶ **We must deliver flexibility to meet customer demands**
  - ▶ Business customers are operating on a 24/7 basis and they expect the same coverage from their solution provider
  - ▶ Customers expect 3-hour appointment windows
  - ▶ Workload is not stable throughout the year, we cannot change that reality but we can and need to adjust to it

## **Sunday, December 3, 2006 – A true story:**

- 17:54: A Carrier technician is required to answer a service call.
- 20:05: No takers. NMC escalated the issue.
- 20:54: Central Office Tier C paged.
- 24:00: A technician is finally found; leaving the customer with no service for more than 6 hours.





# Our Challenges: Costs

- ▶ **Bell is fighting to keep its customers while having to make investments to develop the new generation of services.**
  - It takes \$2 of incremental revenue to recover the margin for every \$1 of revenue lost
  - Productivity improvements are necessary to offset the lost margin from our legacy businesses
- ▶ **Every lost customer results in lost revenues and hinders our capacity to reinvest in network improvements and new offerings.**
- ▶ **Our competitors are getting better:**
  - Their cost structure is lower, and as a result they have higher margins
  - They are more agile and flexible
- ▶ **As a result of the above, we need to continue to improve the cost structure of our technicians and simplify our business in order to maintain a healthy balance sheet and be competitive**

# Our Bargaining Objectives

## Operational Flexibility



**We need the flexibility to meet customer demands: have the right person with the right skills at the right place and the right time.**

## Improve our Cost Structure in Order to Reinvest in our Network and New Offerings



**Our competitors offer many of the same products often with better service and at lower cost. As a result, we need to have additional operational flexibility at lower cost and an overall lower cost structure in order to reinvest in network improvements and new offerings.**



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# Operational Flexibility



## Did you know?

- ✓ The majority of our business customers are operating on a 24/7 basis and they expect the same coverage from their solution provider.
- ✓ Many of our contracts contain financial penalties if service levels are not met.
- ✓ Our residential customers are expecting that Bell will step up to their changing needs.
- ✓ **Maintenance Contracts = extended hours of service.**
- ✓ **Operations needs to deliver an affordable solution to provide equal if not better service.**
  - ✓ Our technicians are skilled
  - ✓ We lack the flexibility to showcase the skills of our employees

## What we need...

**Current limitations in personnel movement are preventing Bell from servicing its customers better than its competitors.**

**Staffing must be based on customer demands, and our resources assigned where needed in a timely and efficient manner.**

- ▶ Simplify and improve our transfer, reassignment, reclassification, and job posting process so as to manage our operations based on customer needs and our daily, weekly and monthly workload fluctuation.
- ▶ Increase the capacity to loan resources to other departments, to meet customer demands.

**Operations is investing in services and processes, but the workforce flexibility need to be addressed**

# Improve our Cost Structure in Order to Reinvest in our Network and New Offerings



## Did you know?

- ✓ Wages account for 70% of Operations' budget. Depending on the occupation, our technician wages are 6% to 16% higher than our competitors.
- ✓ In 2006, the company paid more than:
  - ❖ \$ 22,800,000 in Overtime (\$ 17,500,000 in Double Overtime).
  - ❖ \$ 13,100,000 in various Premiums (including \$ 3,400,000 in Sunday Premiums)
- ✓ 22% or 1,200 technicians account for 67% of all overtime costs.

## What we need...

Being successful in a highly competitive market requires that we satisfy the growing and changing needs of our customers with tight controls on our cost structure.

Our salary structure must reflect the function performed, not just the job classification.

- ▶ Competitive labour rates for the value delivered.
- ▶ Limited premiums and overtime costs.

# Administrative Rules



## Did you know?

- ✓ Approximately 600 grievances are waiting to be heard at Step 3. The name of some grievors appears up to 50 times on that list. The oldest grievance dates back to 2004.
- ✓ Union Dues varies from 1.25% to 1.80% depending on the Local.
- ✓ 80% of all days reserved for Expedited Arbitration are cancelled; resulting in Union and Company paying for nothing.
- ✓ 25 employees are still refusing to participate in Direct Deposit (costing more than \$ 40,000 / year).

## What we need...

**Our collective agreement can be improved to facilitate processes and mutual understanding:**

- ▶ Improved mechanisms to facilitate dispute resolution.
- ▶ Updated to support the company's structure / reality.

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# Operational Flexibility

## Article 9 - Definitions

- ▶ REVIEW the current process for the automatic reclassification of temporary employees and specify that when rehired by Bell, their names will be removed from the recall list.
- ▶ INCREASE the maximum length of employment of occasional employees and remove the 3 consecutive weeks limit.
- ▶ SPECIFY that the probationary period will be six months of continuous service or 1,040 basic hours of work, whichever is reached later.



**The majority of our business customers are operating on a 24/7 basis and they expect the same coverage from their solution provider.**

**NOTE:** The Company reserves the right to adjust or amend any of the items included in this document during the bargaining period.

# Operational Flexibility

(cont'd)

## Article 22 & Article 24

- **COMBINE article 22 and 24 into a single article covering movement of personnel . Review the content of the combined articles to ensure that:**
- ❖ The extension of a temporary transfer be possible without making that transfer permanent.
  - ❖ The Company can reassign an employee declared surplus, with priority over any other mechanism for filling job openings.
  - ❖ A reporting centre may include customer premises.
  - ❖ Qualifications are the prime consideration to fill jobs openings.
  - ❖ The reclassification of TPT employees to RPT and RPT to RFT status within their functions is possible.
  - ❖ Employees' assignments meet workload variations.

### **Tuesday, October 17, 2006 – A true story:**

- Request for dispatch made at 23:36.
- More than 20 attempts were made between 23:52 & 01:00 to find a technician...
- Since no one stepped up, the Duty Manager was involved and found a technician only the next morning.
- In all, the customer waited more than 7 hours without service because of our lack of flexibility and agility.



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# Operational Flexibility

(cont'd)

## Article 10 – Seniority

- ▶ REVIEW the rules applicable so as to integrate to the collective agreement the Company's evolving structure and customer service.
- ▶ REVIEW the manner in which information is conveyed to the union when movements of personnel occur, in order to simplify the process and reduce the potential for conflicts.
- ▶ SPECIFY that information shall, in all cases be transmitted to the union by electronic means.
- ▶ ADD terms governing the loss of seniority.

## Article 36 - Duration

- ▶ Three years.

## Attachment B – List of Headquarters

- ▶ REVIEW in order to take into account the current company structure.

## Attachment D – Families

- ▶ REVIEW taking the Company's competitiveness into account.

## Attachment E – Normal Servicing Territories (NST)

- ▶ REVIEW in order to take into account the current company structure.



**Extended Warranty Programs = Extended Hours of Service**

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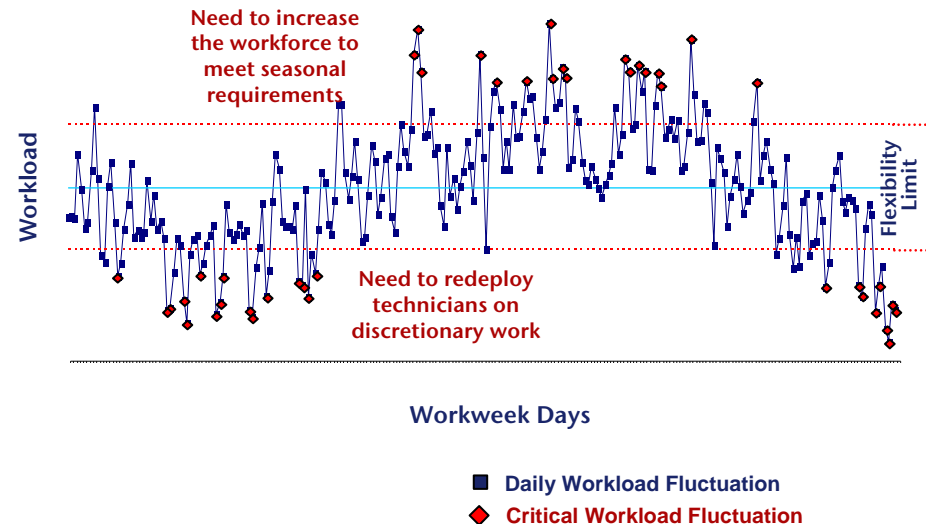
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# Improve our Cost Structure in Order to Reinvest in our Network and New Offerings

## Article 17 & Article 18 – Hours of Work

- ▶ DEFINE the basic hours of work of a full-time employee as 40 hours per week, 8 hours per day.
- ▶ REDUCE to 80 hours the maximum amount of overtime that may be banked, and specify that the banked time off must be taken between October of the current year and April of the following year.
- ▶ REVIEW the terms governing changes to tours of duty, including the amount of advance notice required and the associated penalty.
- ▶ DEFINE Saturday and Sunday as regular days.
- ▶ REDUCE minimum hours guaranteed to part-time employees to 7.5 hours per week.
- ▶ INTRODUCE a process for managing fluctuations and peak periods for regular full-time employees.

## Workload Fluctuation Daily, Weekly & Monthly Activities for 2006



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# Improve our Cost Structure in Order to Reinvest in our Network and New Offerings (cont'd)

## Article 19 – Overtime

- ▶ AMEND article to compensate all overtime at time and a half.
- ▶ AMEND to specify that a full time employee reporting to work for non-continuous overtime will be paid for the time worked or a minimum of 3 hours at regular hourly rate - if less than 24 hours notice - whichever is to the employee's advantage, and to the exclusion of any other compensation.
- ▶ AMEND to specify that a full time employee called-out for non-continuous overtime who was already compensated for a minimum of 3 hours will not be eligible to this minimum again unless more than 3 hours has elapsed between two calls.
- ▶ AMEND to specify that unplanned overtime immediately preceding regular hours of work shall be compensated so that only the actual time worked is paid as overtime.
- ▶ INTRODUCE the notion of standby to ensure customer service is maintained outside of regular operating hours, when required.



**In 2006, the company paid more than \$ 22,800,000 in Overtime (\$ 17,500,000 in Double Overtime); 1,200 technicians account for 67% of all overtime costs.**

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# Improve our Cost Structure in Order to Reinvest in our Network and New Offerings (cont'd)

## Article 20 – Holidays

- ▶ AMEND to specify that an employee called to work on a holiday is compensated at time and a half for the hours worked.

## Article 21 – Annual Vacations

- ▶ ENSURE the necessary staffing, in terms of number and expertise, is available at all times to maintain the quality of customer service given changes in the Company's structure.
- ▶ STANDARDIZE vacation pay for all employees by applying the terms in effect for employees hired after February 11, 1991.

## Article 22 – Transfers & Reassignments

- ▶ REVIEW the terms governing the amount of advance notice required for temporary transfers, and the associated penalty.

## Article 23 - Travel Allowance, Living and Transportation Expenses Paid

- ▶ AMEND to specify that the new reporting centre will become permanent after 20 days.
- ▶ REMOVE article 23.07



**In 2006, we paid more than \$ 13,100,000 in various premiums;  
(including \$ 3,400,000 in Sunday Premiums)**

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# Improve our Cost Structure in Order to Reinvest in our Network and New Offerings (cont'd)

## Article 25 - Sickness Absence and Benefits

- ▶ REVIEW the rules regarding short term and long term disability benefits.

## Article 17 - Wage Administration

- ▶ REPLACE the notion of calendar months between each step of the wage schedule by 1,040 hours of work.
- ▶ STANDARDIZE the use of direct deposit for all members of the bargaining unit.

## Article 35 – Cost of Living Allowance

- ▶ REMOVE

## Attachment A – Index of Wage Schedules by Occupations

- ▶ REVIEW taking the Company's competitiveness into account.

## Attachment C – Wage Schedule

- ▶ REVIEW taking into account the Company's competitiveness and qualifications required.



**Wages account for 70% of Operations' budget.  
Depending on the function, our technician wages are 6% to 16% higher than our competitors.**

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# Administrative Rules

## Article 3 - Deductions

- ▶ SPECIFY that a uniform dues rate will apply to all members of the bargaining unit in order to limit the costs associated with rate change.
- ▶ SPECIFY that union dues will be deducted and processed in each pay period in order to limit potential errors due to the current system.

## Article 4 - Union Representation

- ▶ REVIEW the maximum number of union delegates in light of changes in the Company's structure.
- ▶ IDENTIFY who, within the company, will receive the information outlined in article 4.02 pertaining to union delegates.

## Article 5 – Time Allowance

- ▶ REVIEW current processes on union time allocation (article 5.01 and others).
- ▶ INTRODUCE the concept that the Company can cease to pay for time spent on union business in the union locals concerned if it considers that there is abuse; in such cases, the provisions of article 5.03(e) apply.



**Union Dues varies from 1.25% to 1.80% depending on the Local.**

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# Administrative Rules

(cont'd)

## Article 14 - Grievances

- ▶ REVIEW the grievance and complaint procedure so as to optimize the process while ensuring adequate representation of the parties.
- ▶ INTRODUCE the concept of “group grievance” in cases where two or more employees are concerned. Specify that a “group grievance” is the only mechanism to be used when two or more employees are concerned by a decision.
- ▶ REVIEW the modalities of representation during the different steps of the grievance process and clearly establish that a meeting may be held by electronic means, which will facilitate the quick resolution of issues.

## Article 15 – Arbitration

- ▶ AMEND the expedited arbitration process so that any necessary files must be transmitted to the arbitrator at least ninety days in advance of the scheduled hearing date. In the event that no file is transmitted, the hearing date is cancelled.
- ▶ INTRODUCE the concept that the party who cancels a hearing date without common consent and with less than 90 day's advance notice shall bear any associated costs.



**Approximately 600 grievances are waiting to be heard at Step 3. The name of some grievors appears up to 50 times on that list. The most mature of these grievances dates back to 2004.**

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# Administrative Rules

(cont'd)

## Article 12 – Health & Safety

- ▶ REPLACE “safety and health” to “health and safety” throughout the article in order to reflect the Canada Labour Code.
- ▶ REVIEW the number of local health and safety committees in order to reflect the structure of the Company (article 12.07).

## Article 27 - Employee and Union Information

- ▶ REVIEW the application of this article (article 27.05)

## Article 34 - Bargaining Procedure

- ▶ AMEND in order to specify that translation costs are shared equally.



**80% of all days reserved for Expedited Arbitration are cancelled;  
resulting in arbitrator cancellation fees.**

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# Memorandums of Agreement

## Memorandum of Agreement – Lump Sum Payment

▶ REMOVE

## Memorandum of Agreement - Expertech

▶ REMOVE

NEW 

▶ Memorandum of Agreement on averaging of hours for overtime purposes.



**Since 2005, we lost more than 850,000 residential subscribers to our competitors.**

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# Letters of Intent

## Letter of Intent – Contracting Out

- ▶ TO BE DISCUSSED

## Letter of Intent – Utilization of Temporary and Part-Time Employees

- ▶ REMOVE

## Letter of Intent – Corporate and Local Health and Safety Committees

- ▶ REVIEW in order to adjust the text and discuss health and safety representatives

## Letter of Intent – Home Dispatch

- ▶ REVIEW

## Letter of Intent – 912B, Career Path and Job Posting Procedures

- ▶ TO BE DISCUSSED

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# Letters of Intent

(cont'd)

## Letter of Intent – Joint Review Committee (Article 24) Joint Working Committee

- ▶ TO BE DISCUSSED

## Letter of Intent – Benefits Plan

- ▶ REVIEW

## Letter of Intent – Class II Employees

- ▶ REMOVE

## Letter of Intent – Transition from High Tech Certification Premium

- ▶ REMOVE

## Letter of Intent – Implementation of the Defined Contribution Pension Component

- ▶ REMOVE

## OTHERS

- ▶ Review the text to ensure consistency between the French and English versions
- ▶ Review the content in order to take into account the creation of Bell Aliant

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