

2 February 2016

Robert Hayden
Divisional Secretary Locomotive Division
Rail, Tram and Bus Union
By email: rhayden@rtbu-nsw.asn.au

Dear Bob,

Response to Communication of 14 December 2015 and Request for 'VR Swaps'

I write to you in response to the document that you prepared and shared with Pacific National on 14 December 2015 and our discussion held on 28 January 2016. As you would be aware from our discussions, Pacific National has taken on board and implemented many of the suggestions of the RTBU as set out in your document, however I wanted to take this opportunity to formally respond in writing.

Response to RTBU document 'Thoughts on what the company process should look like'

We have given careful consideration to your suggestions and whilst there are several aspects that we cannot reasonably accommodate there are a number of areas where we have amended our process currently underway in Newcastle to implement some of your points, such as:

1. Opening non-binding (versus binding) EOI for voluntary redundancy;
2. Extending the EOI period for well in excess of 21 days;
3. Opening non-binding (versus binding) EOI for part-time, transfer, temporary relocations;
4. Expanding the non-binding (versus binding) EOI to a broader group being the Newcastle Precinct employees including both train crew and terminal employees in Morandoo and Port Waratah;
5. Engaging in a conversation about 'VR swaps' and the circumstances in which Pacific National will engage in a broader VR swap process.

On this occasion and with the exception of the above we confirm that we are following the same process as we have on previous occasions. Employees will be entitled to the redundancy benefits, as set out in the applicable enterprise agreement which we believe is fair and appropriate.

Broader Application of 'VR Swaps'

As discussed in our meeting on 28 January 2016 (and during earlier conversations), Pacific National is of the view that we are not required by our enterprise agreements to facilitate a 'VR Swap' program. We have looked at the process and mechanics of a 'VR Swap' arrangement and it is clear that it makes an already complicated process more complex and has the potential for additional cost to the business in training/retraining and the time required for those that are 'swapped' to become competent. However, as

North Sydney
Level 6, 15 Blue Street
North Sydney NSW 2060
Telephone: +61 2 8484 8000
Facsimile: +61 2 8484 8154

St Kilda Road
Level 4, 476 St Kilda Road
Melbourne, VIC 3004

www.pacificnational.com.au
ABN 44 007 427 652

indicated during our discussion, we may be open to considering a broader VR swap program in circumstances where the RTBU makes a commitment to work positively and in good faith with Pacific National on labour productivity and efficiency programs. For instance, there may be opportunities to:

- Create sign on points at train departure points;
- Increase flexibility through multiple sign on and/or remote sign-on locations (including sign on locations not included within the enterprise agreement that covers that employee);
- Develop a labour solution that is competitive with road transport
- Workshop and develop interventions that will maintain undertime and overtime at levels acceptable to Pacific National
- Workshop and develop strategies for increasing billable footplate time per driver
- Review qualifications and structures to create flexibility of labour across geographies and types of work
- Review roster types and remove structured inefficiency

I believe this addresses all open questions and concerns about the process and next steps. If you do have any questions then please contact Lola North 0409 758 646 or email at lola_north@pacificnational.com.au.

Yours sincerely,

Stephen Cowan
General Manager NSW/VIC