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APRIL 1, 2003 – MARCH 31, 2009

COLLECTIVE AGREEMENT

Between

NEW SKEENA FOREST PRODUCTS INC.

and

**BRITISH COLUMBIA GOVERNMENT AND SERVICE EMPLOYEES'
UNION (BCGEU), PRINCE RUPERT**

This Collective Agreement (the “Agreement”) is between New Skeena Forest Products Inc., referred to herein as the “Company” or “Employer”, and the B.C. Government And Service Employees' Union (BCGEU) Prince Rupert referred to herein as the “Union”, covering the pulp mill of the Company located at Watson Island, Prince Rupert, British Columbia.

ARTICLE I - PREAMBLE

1.1 Purpose of Agreement

The purpose of this Agreement is to provide orderly collective bargaining procedures between the Employer and the Union and to secure prompt and equitable disposition of grievances. Both the Employer and the Union agree that it is in the best interest of both parties to co-operate fully, individually and collectively with one another and thereby agree to abide by the terms set out in this Agreement.

1.2 Mutual Responsibilities

The Employer recognizes its duty to explain fully the terms of this agreement to all its officers, managers and supervisory staff and agrees to instruct them to act in accordance with the terms set forth. At the time of hire, new employees will be advised that a Collective Agreement is in effect and of the conditions of employment set out in the article dealing with Union Security and the Company policy on dues check-off. The Union will be provided with a copy of the completed and signed authorization form for dues check-off for all new employees.

The Union recognizes its duty to explain fully to its members the Union's and employees' responsibilities and obligations under this Agreement and to instruct its members to act in accordance with the terms herein. Supervisors will introduce new employees to the appropriate steward during the employee's first day at work or as soon as practical. The steward will be given an

opportunity to interview each new employee within regular working hours, without loss of pay, for fifteen (15) minutes sometime during the first thirty (30) days of employment.

1.3 No Interruption of Work

During the life of this Agreement, the Employer agrees that there shall be no lockouts and the Union agrees that there shall be no strikes, walkouts or work stoppages.

1.4 Singular and Plural; Gender

Wherever the singular is used in this Agreement, the same shall be construed as meaning the plural if the context requires unless otherwise specified. Use of the masculine gender in this Agreement shall be considered also to include the feminine.

1.5 Employee Conduct in the Workplace

All employees are entitled to a work environment in which people are treated with respect, provided with equal opportunity and kept free of discrimination and harassment.

All persons at Skeena Pulp Operations are expected to treat each other with consideration and respect. Each person is responsible for satisfying the spirit and intent of this statement. Violations of this statement constitutes unacceptable behaviour and will be subject to corrective action in accordance with Company policy.

ARTICLE 2 - DUTIES AND RESPONSIBILITIES/UNION RECOGNITION AND RIGHTS

- 2.1 The successful operation of the mill is hereby declared to be a matter of mutual interest between the union and the company. It is hereby agreed that it is the duty of the parties to this agreement and of all employees to promote at all times the progress of the mill by co-operating to the fullest extent in all matters having to do with operation, such as safety, economy, quality and quantity of output, cleanliness and protection of mill.
- 2.2 The Union agrees to work co-operatively with management to achieve work flexibility, and to determine ways to improve the operations of the mill in terms of cost of production and Company profitability.
- 2.3 If an amendment, modification or addition to this Agreement should be mutually agreed to by the parties, or if any other Agreement is reached by the parties, it shall not be effective unless it is reduced to writing and duly signed by the parties signatory to this Agreement.
- 2.4 The Employer recognizes the B.C. Government and Service Employees' Union as the sole bargaining agent for all employees who are the incumbents of the positions listed in Appendix "A". The phrase "employees covered by this Agreement" refers to such employees.

- 2.5 Persons who are not covered by this Agreement shall not work on any job which is included in the bargaining unit, except for the purpose of training or in cases of emergency.
- 2.6 No employee within the bargaining unit shall be required or permitted to make a written or verbal agreement with the Employer or his representative which may conflict with the terms of this Agreement.
- 2.7 The Employer acknowledges the Union's right to elect or appoint its representatives. Employees so elected or appointed as officers, stewards or other designated officials shall be recognized by the Employer as official representatives of the Union and shall have the right to act on the Union's behalf in the capacities so indicated.
- 2.8 The Company and the Union agree that there shall be no discrimination exercised or practised with respect to any employee for reason of membership or activity in the Union.
- 2.9 Unpaid leave, without loss of seniority, shall be granted, where operational requirements permit, upon request to employees elected or appointed to represent the Union in negotiations with the Employer and at functions of the Union or any body to which the Union is affiliated. Such requests shall be made in writing in advance to the Employer. The Union agrees that generally one (1) week's notice will be given to the Employer and that leave will not be requested for more than three (3) employees at the same time.
- 2.10 The Employer shall supply adequate and enclosed bulletin boards for the use of the Union in posting officially signed bulletins.
- 2.11 Personal Records:
- (a) Former and current members of the bargaining unit shall have reasonable access to their employee personnel file.
 - (b) Copies of all appraisal and discipline entries in an employee's personnel file shall be submitted to the employee concerned at the time of recording and copies will also be sent to the President of the Union or designated by the Union.
- 2.12 The Employer agrees that all copies of correspondence between the Employer and the Union related to matters covered in this Agreement shall be sent to the President of the Union or designated by the Union. The Employer agrees that a copy of any correspondence between the Employer or Employer's official and any employee in the bargaining unit covered by this Agreement pertaining to the interpretation or application of any clause in this Agreement, shall be forwarded to the President of the Union or designated by the Union.

ARTICLE 3 – UNION SECURITY

- 3.1 (a) All employees covered by this Agreement shall, as a condition of continued employment, become members of the Union within thirty (30) days after entering employment and maintain such membership.
- (b) All employees covered by this Agreement shall, as a condition of continued employment, pay to the Union an amount equivalent to membership dues.
- 3.2 Any employee covered by this Agreement who fails to maintain good standing in the Union by reason of failure to pay dues and assessments shall be discharged after seven (7) days written notice to the Company by the Union of the employee's failure to comply with the provisions of this Article.

ARTICLE 4 - MANAGEMENT RIGHTS

- 4.1 The management of the operations of the Company and the direction and promotion of the employees are vested exclusively in the management of the Company, provided this will not be used for the purpose of unlawful discrimination against employees.
- 4.2 The Company shall have the right to select its employees and to discipline them or discharge them for just cause.

ARTICLE 5 - TERM OF AGREEMENT

- 5.1 The Company and the Union agree that they will abide by the articles of this Agreement for a period of six (6) years, from April 1, 2003 to March 31, 2009 and from year to year thereafter, subject to notice in writing within the 120 day period prior to March 31, 2009 and in any succeeding year, by either Party desiring a change.
- 5.2 This Agreement together with its attached Appendices and Letters, is the whole collective agreement between the Parties.
- 5.3 The operation of sections 50(2) and 50(3) of the *Labour Relations Code of British Columbia*, RS Chap. 244 as amended are excluded from this Agreement.

ARTICLE 6 – HOURS OF WORK AND OVERTIME

- 6.1 The standard work day shall commence at 7:30 a.m. and finish at 3:30 p.m. with one-half (½) hour off for lunch during mid-day. Standard daily hours may be varied by the Employer so that starting times may commence between 7:00 a.m. and 9:00 a.m. and finishing times between 3:00 p.m. and 5:00 p.m.
- 6.2 The standard work week shall consist of (5) consecutive days at seven and one-half (7½) hours per day, Sunday to Saturday, inclusive. The standard work week may be varied in accordance with Article 6.6.

- 6.3 The parties agree that proposals for modifications to the standard work week, that bear no incremental cost to the Employer, may be considered by either the Union or the Employer. Such proposals will be jointly reviewed and, where agreed, may be implemented on a trial or regular basis.
- 6.4 All employees shall receive a paid rest period of fifteen (15) minutes both in the first half and in the second half of their shift or work day.
- 6.5 Work done by employees in excess of seven and one-half (7½) hours per day and thirty-seven and one-half (37½) hours per week shall be paid for at the rate of time and one-half unless Article 6.6 applies.
- 6.6 It is agreed that in some cases it is necessary to effect a flexible work schedule which averages work over the shift cycle. The averaging system utilized will be adopted by mutual agreement, which agreement will not be unreasonably denied
- 6.7 The one basis which results in the payment of the largest amount of overtime will be used, however, there can be no pyramiding of overtime bases. Overtime will not apply when employees mutually agree to change shifts and this has been approved by the Employer and steward concerned. All overtime worked shall be calculated in a minimum of fifteen (15) minute increments.
- 6.8 Employees who are required to work more than two (2) hours beyond the end of their regular shift will be provided with a meal. If the job is completed prior to two (2) hours, no meal will be provided.
- 6.9 Call-Outs: An employee who is called in and required to work and who actually performs work outside of the standard work day shall be guaranteed a minimum of four (4) hours' pay. Time worked during the employee's normal shift shall be included in the calculation of the minimum four (4) hours pay when the call-in work continues into the shift or begins after the shift without an intervening break. An employee shall receive two (2) hours call time at the straight time rate in addition to pay for time actually worked under the following conditions:
- (a) Call to work following a shift: When required to report for work after completing his designated shift.
 - (b) Call to work on a designated day off: When required to report for work on a designated day off.
 - (c) Statutory Holiday Work: For any work performed on a holiday, as specified in Article 13.
- There will be no multiple call-in provisions regardless of the work performed.
- 6.10 The Employer will equalize overtime among employees with similar skills.

ARTICLE 7 - SENIORITY

- 7.1 The Company recognizes the principle of seniority in the promotion, demotion, transfer, layoff, or recall of an employee subject to the provisions of this Agreement.
- 7.2 All new employees other than temporary employees shall serve a probationary period of thirty (30) days worked during which time they are considered as temporary employees and shall have no rights under this Article.
- 7.3 Upon completion of thirty (30) calendar days, or upon the accumulation of thirty (30) working days in a ninety (90) calendar day period, employees other than designated temporary employees shall accumulate seniority beginning from the date of hire.
- 7.4 Temporary employees who work more than sixty (60) days in a one hundred and twenty (120) day period shall become regular employees and accumulate seniority beginning from the date of hire. Prior to them accumulating this seniority, temporary employees shall not be eligible to job bid into classified positions nor shall they gain seniority under this Agreement. The Company shall inform the Union of the names of those individuals employed as temporary employees.
- 7.5 Any employee promoted to a temporary supervisory or staff position shall retain his seniority within the bargaining unit for a period of sixty (60) days in each contract year during which time he shall maintain his Union membership.
- 7.6 When temporary promotions of a week or more are due to sickness or compassionate leave, days worked shall be counted.
- 7.7 The Union will be notified, when possible, seven (7) days in advance when such promotion is made to cover the supervisor . A standard form will be signed by the supervisor or his/her replacement, by a shop steward and superintendent. A copy will be sent to the Union office.
- 7.8 Supervisory responsibility for discipline action is a Management function and will not be delegated.
- 7.9 Seniority for employees hired on the same day will be determined by the last three (3) digits of their Social Insurance Number. The higher number will determine the more senior employee.
- 7.10 Employees hired as summer or co-op students to perform work defined as work of the Bargaining Unit shall have all rights as outlined as Terms and Conditions in the Collective Agreement between the Company and the Union, other than those outlined in Articles 7.1 to 7.4.
- 7.11 The term of employment for summer students shall end on or prior to Labour Day and the term of employment for co-op students shall end at the end of their co-op work term unless, due to special circumstances, the term of employment is extended by Company-Union mutual agreement.

- 7.12 The Company shall inform the Union of the names of those individuals employed as students. Such employees shall not be eligible to job bid into classified positions nor shall they gain seniority.
- 7.13 Severance Pay: A permanent employee with one (1) year or more of continuous service who is laid off may elect to be paid severance pay. Severance Pay shall not be paid due to job elimination for such causes as fire, flood, explosion or "Acts of God". Severance Pay will not be paid to employees who resign or are discharged. Severance Pay shall be one (1) week's pay for each year of an employee's and a portion thereof any incomplete year's service, without interruption due to lack of work. An employee who elects to receive severance pay shall lose all recall rights under this Agreement.

ARTICLE 8 - PROMOTIONS AND LAY-OFFS

- 8.1 An employee's primary function will be to perform the work of his or her normal classification or position. The company may assign an employee any additional functions or activities as a regular or temporary part thereof.
- 8.2 It is understood that the Company may merge or integrate jobs on a permanent basis spanning classification or departmental lines. The Company and the Union will meet to agree on the application of seniority to the jobs so merged or integrated.
- 8.3 The Company will determine lines of progression where it determines that it is practical to do so and may revise or alter lines of progression in the interest of efficient operation. Prior to implementation, the changes will be reviewed with the Union.
- 8.4 When a vacancy occurs inside the bargaining unit or a new position is created that may be included in the bargaining unit, the Employer shall post notice of the position on the Union's bulletin board and in other conspicuous locations for a minimum of ten (10) working days. Such vacancy notice shall contain information pertaining to the nature of the position, required qualifications, knowledge, education and skills, the appropriate wage rate or range and shift schedule, where applicable.
- 8.5 When filling vacancies or making promotions, the Company will consider seniority, ability and qualifications. When the last two factors are relatively equal, seniority will govern. Qualifications include skills and performance.
- 8.6 (a) The successful applicant shall be placed on trial for a period of sixty (60) working days, with the appointment being confirmed upon satisfactory service within that period. If unsatisfactory or unable to perform the duties of the new position, the probationary employee shall be returned to the employee's former position and wage rate. Any other employee promoted or transferred because of the rearrangement of positions shall be returned to that employee's former position and wage rate. If any position no longer exists at the time of return, the employee concerned shall be placed in a position of equal rank and salary.

- (b) If the successful applicant wishes to return to their previous position, they may do so within forty (40) working days of starting the new position. Any other employee promoted or transferred because of the rearrangement of positions shall be returned to that employee's former position and wage rate. This option may be exercised by an employee only once in a two year period.
- 8.7 Consideration for promotion will be given to the senior applicant who does not possess the required qualifications but is preparing for the qualifications prior to filling of a vacancy. Should such an employee be appointed, the employee is to be given opportunity to complete the qualifications within a reasonable length of time and to revert to former position and wage rate if the required qualifications are not met within such time.
- 8.8 In the event of a layoff, employees shall be laid off in the reverse order of seniority providing those retained are qualified to perform the work available.
- 8.10 No new employees shall be hired until those laid off have been given an opportunity of recall, providing those recalled are qualified to perform the work available. To facilitate laid off employees exercising their recall rights and seniority, training of up to five (5) days will be given if the layoff will exceed fourteen (14) days, and training of a reasonable time and cost will be given if the layoff will exceed thirty-five (35) days.
- 8.11 The Employer will give as much notice as possible to an employee who will be laid off. However, no less than five (5) working days or pay in lieu will be given unless the layoff is caused by factors beyond the Employer's control. An employee returning from layoff is not entitled to five (5) working days' notice or pay in lieu of a subsequent layoff until the employee has completed thirty (30) consecutive working days. Probationary employees are not entitled to layoff notice.
- 8.12 Grievances concerning layoffs due to reduction in the workforce shall commence at Step 2 of the grievance procedure.

ARTICLE 9 – RECALL RIGHTS

- 9.1 Employees whose employment ceases for reasons other than just cause, other than probationary employees, shall retain seniority and shall be recalled on the following basis:
- (a) Employees with less than one year of continuous service shall retain these rights of recall for six (6) months from the date of layoff.
- (b) an employee with one (1) or more years continuous service shall retain these rights of recall for twelve (12) months from date of layoff plus one (1) additional month for each year's service up to an additional six (6) months.
- 9.2 Failure of an employee to report for work within one (1) week of notice by registered mail at the last address reported to and received by the Company shall result in the termination of employment with the Company.

- 9.3 Employees who return to work after a layoff under this Article shall retain all seniority rights.
- 9.4 When employees are laid off they shall be recalled in reverse order of their lay-off to the department where they were last employed or to the department where they are normally employed subject to qualifications.
- 9.5 Employees with one (1) or more year's seniority may elect to have their welfare coverage continued for six (6) months while on layoff.
- 9.6 Employees with more than four (4) months but less than one (1) year's seniority may elect to have their welfare coverage continued for three (3) months while on layoff.
- 9.7 Employees who elect to maintain their coverage while laid off will be required to pay the monthly employee portion of the premiums in advance.
- 9.8 Employees on lay-off whose welfare coverage is continued under 9.5 and 9.6 will have their welfare coverage extended by one month for each month in which they work during the period of coverage continuation.
- 9.9 Employees will on return to work, have their welfare coverage extended by one month for each month in which they work.
- 9.10 Employees will have their welfare benefits reinstated after a return to full time work for thirty (30) days.

ARTICLE 10 – WAGES

- 10.1 The wage rates in effect as of April 1, 2003 are set out in Appendix "A" to this Agreement.
- 10.2 Wage rates: The wage rates set out in Appendix "A" are subject to the following:
- Year 1 – from April 1, 2003, 0% increase;
 - Year 2 – April 1, 2004 increase 0%;
 - Year 3 – April 1, 2005 increase 2%;
 - Year 4 – April 1, 2006 increase 2%;
 - Year 5 – April 1, 2007 increase 2%;
 - Year 6 – April 1, 2008 increase 2%.
- 10.3 The Parties agree that as the Company returns to profitability during the term of the Agreement, a process will be utilized during the negotiations for a replacement agreement, as set out in Article 5.1 and Letter of Understanding #002, to determine

whether the 20% wage reduction taken by the employees can be added back in to future wages.

This determination will be made taking into account the following factors: whether the Company is profitable (on a net, after-tax basis), whether the Company is likely to continue to be profitable into the future, whether the Company is competitive on a world scale, and whether the Company has sufficient financial resources to withstand a downturn in the markets for lumber and pulp.

ARTICLE 11 - PROFIT SHARING PLAN

- 11.1 Regular full-time employees employed on the entitlement date as determined by the Company will be entitled to receive a profit share from a pool comprised of 15% of the net profit of the Company. The amount allocated to the profit shares will be assessed on factors including the profitability of the Company as a whole.
- 11.2 A committee called the Profit Share Information Review Committee (the "PSIRC") composed of two members chosen by management and two members chosen by the Union will meet at least every quarter, commencing one month after the date of the initial signing of this Agreement, to review the financial performance of the Company.
- 11.3 The Company will provide training, at its cost, to the members of the PSIRC, to enable the members of the committee to understand and communicate the information given to them by the Company. Such training will be undertaken upon the request of at least three members of the PSIRC and will be presented by a person or entity the Company determines to be qualified in the area of financial consulting or accounting. The Company will provide an advisor, if requested by the Union, to advise the Union on financial and fiscal matters relevant to the operation and mandate of the PSIRC. The Company will bear a reasonable cost for such advisor, reasonableness of cost to be in the Company's sole discretion.

ARTICLE 12 – STATUTORY HOLIDAYS

- 12.1 The following shall be the recognized Statutory Holidays:
- New Year's Day (40 hour);
 - Easter Friday (24 hour);
 - Canada Day (24 hour);
 - Labour Day (24 hour);
 - Christmas Day (40 hour);
 - Boxing Day (24 hour).

- 12.2 The hours of commencing and ending in Article 12.1 above, may be varied by mutual agreement of the Company and the Union and the specified hour of commencing or ending will be adjusted to coincide with the regular hours for changing shifts.
- 12.3 Work may be performed on any statutory holiday.
- 12.4 Overtime shall be paid at one and one-half times normal wages for all work performed during statutory holidays.
- 12.5 The hours worked on paid statutory holidays recognized in Article 13.1 will be used in calculating the scheduled work week (Sunday to Saturday).
- 12.6 For purposes of calculating overtime, the scheduled work week shall be reduced by seven and one-half (7½) hours in any week in which a recognized paid statutory holiday occurs.
- 12.7 An employee shall have the option of taking equivalent time off if a statutory holiday falls on a regular day off or during a vacation period.
- 12.8 Lieu days and deferred Statutory Holidays count towards hours worked for the purpose of calculating the overtime. Hours worked at overtime rates do not count towards overtime.
- 12.9 Should more than one recognized paid statutory holiday occur in any week, the scheduled work week shall then be reduced by seven and one-half (7½) hours for each paid statutory holiday.
- 12.10 In addition to any other compensation earned, any employee who is on the payroll of the Company on any of the foregoing recognized statutory holidays will be granted seven and one-half (7½) hours pay at the straight time rate of the employee's regular job, subject to compliance with all of the conditions (a) to (f) set forth below:
- (a) The employee must have been on the payroll for not less than the sixty (60) days just preceding the holiday and must have previously qualified for a statutory holiday as provided in (d) below, and
 - (b) The employee must have worked at least one (1) day during the sixty (60) day qualifying period just preceding the holiday, and
 - (c) The employee must have worked his scheduled work day before, and his scheduled work day after, such holiday, unless failure to work his scheduled work day before or after the holiday was due to any of the following events:
 - (i) When the employee is on his regular authorized paid vacation;
 - (ii) When the employee is unable to work by reason of an industrial accident as recognized by the Workers' Compensation Board or non-occupational sickness or injury;

- (iii) When the operation in which the employee is engaged is curtailed or discontinued by the decision of the Company and which curtailment or discontinuance changes or eliminates the employee's scheduled work day before, or his scheduled work day after, such holiday;
 - (iv) When a trade in shifts agreed upon between employees and approved in advance by the Company results in a temporary change of the scheduled work day before, or the scheduled work day after, the holiday, provided the employee works the shift agreed upon;
 - (v) When the employee is on a leave of absence authorized by the Company.
- (d) An employee who has been on the payroll for at least sixty (60) days but who has not previously qualified for a statutory holiday will qualify for the holiday if he or she has worked a minimum of one hundred eighty (180) hours during the sixty (60) day qualifying period just preceding the holiday and meets the requirements of (b) and (c) above.
 - (e) Time lost as the result of an accident as recognized by the Workers' Compensation Board, suffered during the course of employment, or time lost as a result of non-occupational sickness or injury shall be considered as time worked for the purpose of qualifying for a recognized paid holiday, it being understood that the employee will only be entitled to this credit for time while on Workers' Compensation or non-occupational sickness or injury for a period of up to but not exceeding one (1) year from the date of his sickness or injury.
 - (f) An employee shall not receive the holiday pay provided in this Article if he or she has agreed to work on a holiday and fails or refuses to work, except in cases where a *bona fide* illness, or other *bona fide* reason approved by the Company, prevents work on such holiday.

ARTICLE 13 - LIEU DAY HOLIDAYS

- 13.1 There shall be granted annually five (5) Lieu Day Holidays with pay ("Lieu Days") to regular full-time employees, such special holidays to be arranged at a time suitable to the employee and the Company, during the contract year, so that there will be no loss of production.
- 13.2 The Lieu Days are in lieu of statutory holidays other than those provided in Article 12.
- 13.3 As set out in Article 12.8, lieu days and deferred Statutory Holidays count towards hours worked for the purpose of calculating the overtime. Hours worked at overtime rates do not count towards overtime.
- 13.4 The payment of Lieu Days will be consistent with the shift requested off. For example, an employee requesting a 7½ hour shift off will receive 7½ hours pay.

- 13.5 Lieu Days are subject to the following:
- (a) A new employee must have been on the payroll for not less than sixty (60) days to qualify for a first Lieu Day and on the payroll for one hundred eighty (180) days to qualify for the second, third, fourth and fifth Lieu Day.
 - (b) Employees will not qualify for a Lieu Day if on leave of absence of more than nine (9) months in the contract year except in the case of sickness or injury.
 - (c) An employee required to work on a Lieu Day, after a definite date has been designated for such holiday, shall be paid overtime for such work at the rate of time and one-half. The employee will be entitled to take a holiday or holidays with pay at a later date to be mutually agreed upon.
 - (d) Provided a Lieu Day is requested in writing seven (7) days in advance, the payment of overtime shall not be a factor in granting of Lieu Days. The employee shall receive written notice of the disposition of the request a minimum of seventy-two (72) hours prior to the start date of the Lieu Day.

ARTICLE 14 – VACATIONS WITH PAY

- 14.1 All employees on permanent payroll positions shall be entitled to two (2) weeks' vacation with pay following the completion of one year of service. Prior to the completion of one year of service, such employees are entitled to 2% of gross wages as vacation pay and an equivalent amount of vacation time off to be taken commensurate with the vacation period.
- 14.2 The vacation period is January 1 to December 31. Vacations with pay are not cumulative and must be taken during the vacation period.
- 14.3 Employees with five (5) years or more of service shall be entitled to three (3) weeks' vacation with pay in each vacation period.
- 14.4 Employees with ten (10) years or more of service shall be entitled to four (4) weeks vacation with pay in each vacation period.
- 14.5 Employees with fifteen (15) years or more of service shall be entitled to five (5) weeks vacation with pay in each vacation period.
- 14.6 Each week of vacation pay will be calculated at two percent (2%) of gross earnings in the previous calendar year.
- 14.7 Employees must take their full entitlement up to least three weeks of vacation annually. The employee may elect to receive pay for any additional vacation entitlements. Special consideration will be given where employees have not earned vacation pay at all or commensurate with the vacation time that must be taken under this section.

- 14.8 Employees will receive vacation pay with the associated time off for the first three weeks of their vacation entitlement. Additional vacation pay may be cashed only after the first three weeks of vacation time off.
- 14.9 The allocation of vacation times is to be decided by the Company. However, the Company will endeavour by discussion with the employees or the Union, to arrange vacations to suit the employees' wishes. The Union agrees to co-operate with the Company in scheduling vacations in such a manner that maximum production may be maintained.
- 14.10 Vacation Preference:
- (a) Preference in vacation for the following year, filed on or before December 31st, shall be granted on the basis of Company seniority. However, this preference will only be used when a selection needs to be made as to which employee is to be granted vacation in preference to another employee or employees who have requested vacations at the same time or at a time that would overlap and would restrict the retention of adequate numbers of employees with the required skills.
 - (b) In addition to the terms in (a) above, employees wishing to split their vacation into two (2) prime time vacation periods shall prioritize their vacation preference and exercise seniority rights in the first time preference only. Prime time vacation periods are intended to coincide with summer and Christmas public school vacation periods.
 - (c) Approval notification will be returned to the employee on or before the following January 31st.
 - (d) Vacation requests received on or after January 1st each year, for that years vacation, will be considered on a first come, first served basis. The employee will be advised within thirty (30) days of the disposition of such requests.
 - (e) In instances where vacation time requested is coupled with requests for lieu days, deferred stats or leave of absence that provide for a continuance of time off, the total leave will be considered as one absence and approved as per the guidelines set out within Article 14.10.(a).
- 14.11 Time lost as a result of an accident recognized as compensable by the WCB, suffered during the course of employment with the Company, shall be considered as time worked for the purpose of calculating vacation entitlement upon return to work.
- 14.12 Time not exceeding one (1) year, lost as the result of a non-occupational accident, illness or approved maternity leave, shall be considered as time worked for the purpose of qualifying for vacation provided that at the time of the accident or illness or commencement of maternity leave the employee has been on the payroll for not less than one (1) year and returns to employment. It is understood that the Company may require

that the employee provide a satisfactory certificate from a qualified medical practitioner. Time exceeding 1 year shall be recognized as uninterrupted service for the purpose of establishing vacation time off, upon return to work.

- 14.13 An employee, who has not taken his full vacation entitlement and who is precluded from doing so before the end of the vacation year by reason of sickness or injury shall accept a cash payout for the remainder of his vacation entitlement.
- 14.14 Time on Leave of Absence for union business duly approved by the employer in writing shall be considered as uninterrupted service for the purpose of establishing vacation time off, during the year of his absence as well as in ensuing years. Vacation pay will apply as follows:
- (a) For the period of the person's absence while in the employ of the Union, the Union will be responsible for payment of all vacation credits due to the employee.
 - (b) On return to active regular employment, the employee shall receive vacation pay equal to the appropriate percentage of the total wages earned by the employee while actively employed by the Company during the vacation year.
 - (c) Subsequent vacation pay will be paid on the basis that Company service was uninterrupted.
- 14.15 Vacations will be taken on a weekly basis unless special arrangements are approved by the Company.
- 14.16 An employee requested to work on a day of vacation shall receive another day off with pay for each day so affected.

ARTICLE 15 - HEALTH AND WELFARE PLAN

- 15.1 A Health and Welfare Plan will be established and maintained by the Company to provide benefits as set out below through insurance carriers pursuant to Policies or Contracts of Insurance arranged for such benefit coverage.
- 15.2 The employer shall provide the following benefits at no cost to employees who:
- (i) complete 30 calendar days of employment as a new employee
 - (ii) complete 30 calendar days of employment as a recalled employee who has lost benefit retention because of the length of layoff.

Medical Services Plan—Basic medical and surgical coverage as outlined in the B.C. Medical Services Act through a licensed carrier under the Act.

Extended Health Benefits Plan—Equivalent to the Medical Services Association Extended Health Benefits Plan including the provision for Vision Care to a maximum of two hundred and fifty dollars (\$250.00) per person in any consecutive twenty-four (24)

calendar month period and Hearing Aid Assistance and a Travel and Accommodation Rider.

Group Insurance Plan—The existing group insurance programs and provisions will continue and will provide life insurance protection of three times annual wage at job rate which will continue until normal retirement age is reached.

Dental Care Plan—Dental care insurance for an employee and where applicable, the employee's spouse and children equivalent to the existing plan will be provided as follows:

Basic dental services (Plan A) - plan pays one hundred percent (100%) of approved schedule of fees.

Prosthetics, crowns and bridges (Plan B) - plan pays fifty percent (50%) of approved schedule of fees.

Orthodontic (Plan C) - plan pays fifty percent (50%) of eligible expenses to a maximum of three thousand dollars (\$3,000) per person for all services provided by an Orthodontist.

The above plans will be adjusted as necessary to avoid duplicating benefits provided by any government program.

- 15.3 A copy of master contracts with the carriers for health and welfare plan coverage shall be sent to the President of the Union or designated by the Union upon request.

ARTICLE 16 – PENSION PLAN

- 16.1 The Employer shall provide a pension plan that shall remain in effect for the life of this Agreement. The pension plan will have the following provisions:

Benefit Formula: 1.25% up to YMPE

2.0% over YMPE

Early Retirement: No reduction after age 60, with Retirement Board consent.

3% per year from age 60 to 55

Rules for early retirement are as set out in Appendix “B”

Spousal Benefit: Automatic 66 2/3 % with no penalty

Vesting: After 2 years.

There will be no reduction in the overall benefit for the term of this Agreement.

- 16.2 The Employer is not restricted from implementing plan improvements at no additional cost to the employee. In the event that additional costs are indicated, the Employer agrees to fully discuss the proposed changes with a joint committee of the Union.
- 16.3 A copy of master contracts with the carriers for the pension plan shall be sent to the President of the Union or designated by the Union upon request.

ARTICLE 17 – SICK LEAVES

- 17.1 Employees shall be entitled to claim sick leave for a maximum of 5 days per year at their normal straight time wages. Sick leave shall not carry over year to year.
- 17.2 After 30 days of employment, and after having exhausted the short-term sick leave set out in Article 17.1, employees shall be entitled to claim from the Company Weekly Indemnity wage loss benefits, beginning with the fourth day of disability or immediately if hospitalised, caused by non-occupational accident or sickness, at a rate of 66 2/3% of the claimant's wage rate (minus normal deductions including for income tax). To receive benefits, a claimant must be totally disabled and prevented from working. Benefits for any one period of disability will be payable only for:

- (a) 180 calendar days, or
- (b) until the claimant is eligible to apply for long term disability coverage or other coverage, whichever first occurs.

No Weekly Indemnity benefits will be payable for disability arising from:

- Self-inflicted injury or sickness;
- Participation in a criminal offence;
- Civil commotion, insurrection, any act of war (whether declared or not) or hostilities between nations, or service in the armed forces of any nation;
- A pregnancy related sickness
 - during any period of formal maternity leave and/or parental leave; or
 - during any period in which Employment Insurance (EI) benefits are being paid;
- Substance abuse, including alcoholism or drug addiction, unless you are receiving treatment from your physician;
- Medical or surgical care which is cosmetic, unless considered medically necessary as a result of injury or sickness;

- That commenced prior to the date you were otherwise eligible for benefits or during a period when you are not eligible for benefits for any reason;
- While you are on leave of absence, paid vacation or receiving benefits for the same or related disability from WCB or similar legislation.

If a claimant has a recurrent disability within 30 days of returning to work, his recurrent disability will be treated as a continuation of his previous period of disability. Weekly Indemnity benefits will be re-instated and paid as if he had not returned to work, with the length of benefit beginning based on where the previous period of disability left off.

Weekly Indemnity benefits which begin prior to age 65 will continue until the employee is eligible to apply for long term disability coverage or other coverage for the same wage loss, is no longer disabled, or retires, whichever comes first.

Where the employee recovers an amount from a liable third party for loss of income as a result of the same accident or sickness, he must reimburse the Company once they receive such amount.

Coverage for Weekly Indemnity benefits terminates at the earlier of termination of employment or retirement.

- 17.3 The Employer may require medical evidence or supplemental medical evidence to support any period of absence or claim for benefits due to accident or sickness. Subsequent to an application for Weekly Indemnity benefits by an employee, the Company may require the employee to have his condition evaluated by a medical practitioner of the Company's choosing and/or have his claim for benefits reviewed by a third party adjudicator.

ARTICLE 18 – LEAVE OF ABSENCE

- 18.1 Eligible employees may take the leaves of absence (including maternity leave) without pay as are provided in Part 6 of the *Employment Standards Act* of British Columbia, R.S.B.C. 1996, c. 113 and amendments.
- 18.2 The Company will grant leave to employees who have been elected or appointed to office in the Union, or who have been nominated, elected or appointed to Federal, Provincial, Municipal, or Aboriginal office. It is not the intention of the Company to grant lifetime leaves of absence.
- 18.3 An employee appointed or elected to full-time office in the Union, or to Federal, Provincial, Municipal, or Aboriginal office, shall be granted as much leave as is necessary during the term of such appointment or election.
- 18.4 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 and he shall be

compensated at his regular straight time hourly rate for hours lost from his regular 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, step-children, mother-in-law, father-in-law, son-in-law, daughter-in-law, step-parents, grandparents and grandchildren.
- (c) Compensable hours under the terms of the 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.

18.5 Jury and Witness Duty

- (a) Wage Compensation: Any regular full time employee who is required to report for Jury Selection, Jury Duty, Coroner's Inquest or who is subpoenaed to serve as a witness in a court action, save and except actions involving the Company or Trade Unions, unless subpoenaed by the Crown, on a day when he would normally have worked, will be reimbursed by the Company for the difference between the pay received in such duty and his regular straight time hourly rate of pay for his regularly scheduled hours of work necessarily lost. It is understood that employees will be reimbursed by the Company for the difference between the pay received for such duty and his straight time rate of pay for his regularly schedule hours of work in that week. The employee will be required to furnish proof of performing such service and such duty pay received.
- (b) Holidays and Overtime: Hours paid for such duty 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.

18.6 Seniority will continue to accumulate on any leave of absence granted under this Article.

18.7 All leaves of absence must be applied for in writing.. The Company will consider length of service and employees with ten (10) or more years service will be given special consideration. An application for leave of absence shall be made by the employee as far in advance of the date requested as is reasonably possible under the circumstances.

18.8 The Company may require employees to exhaust their normal vacation entitlement before commencing a leave of absence.

18.9 Time off with pay will be provided to employees writing qualifying examinations during scheduled working hours for certificates required in their occupation. Such pay will be at their straight time rate and limited to seven and one half (7½) hours.

18.10 The grant of a leave is a matter between the Company's management and its employees.

ARTICLE 19 – JOINT COMMITTEE

- 19.1 The General Manager shall appoint two (2) individuals to represent the Company and the Union shall appoint from its membership two (2) individuals to represent the Union, the four (4) of whom shall comprise a Joint Committee.
- 19.2 The Joint Committee shall discuss matters arising under this Agreement including issues relating to the workplace which affect the Parties or any employee bound by this Agreement.

ARTICLE 20 – GRIEVANCES

20.1 Definition of Grievance

A grievance shall be defined as any dispute or difference between the Employer and one or more of its employees or, between the Employer and the Union, in respect of any matter pertaining to working conditions not specifically covered by this Agreement, any matter involving the interpretation or application of any provision of this Agreement, or any matter involving the alleged violation of any provision of this Agreement, and which is reduced to writing.

20.2 Stewards

The Employer agrees to recognize stewards, either appointed or elected by the Union, in their role of assisting an employee in the preparation and presentation of the employee's grievance in accordance with the grievance procedure.

20.3 Names of Stewards

The Union shall notify the Employer, in writing, of the name of each steward and the work area represented before the Employer shall be required to recognize a steward.

20.4 Time Off for Grievance Handling

Stewards and aggrieved employees shall have reasonable time off, while on the Employer's premises, to investigate and present a grievance in accordance with this Article and shall be paid at the prevailing rate of pay for time so spent during their regular working hours.

20.5 Grievance Committee

The two (2) individuals appointed by the Union from its membership to the Joint Committee under Article 19.1 shall comprise a grievance committee which shall be recognized by the Employer for the purpose of dealing with grievances beyond Step 1. For the purpose of presenting a grievance, a committee member shall be compensated in accordance with Article 20.4.

20.6 Grievance Procedure

The purpose of the grievance procedure is to provide a means for fair settlement of disputes in the workplace. In all instances, efforts will be undertaken to resolve disputes prior to resorting to the grievance procedure. Except as otherwise provided in the Agreement, a grievance shall be settled in accordance with the following procedure:

Step 1 – An aggrieved employee, with or without a steward, will take up the grievance with the employee's supervisor within ten (10) working days of the grievance.

Step 2 – Failing settlement at Step 1 within ten (10) working days, the grievance may be submitted by the shop steward to the Employer's Step 2 designate. At this step, the grievance shall be in writing.

Within ten (10) working days of receiving the grievance at Step 2, a representative designated by the Employer to handle grievances at Step 2 shall meet with the grievance committee and attempt to resolve the dispute. This meeting may be waived by mutual agreement.

The representative at Step 2, the President of the Union or designated by the Union, may, within fourteen (14) working days of receipt of the Employer's reply at Step 2, or the date upon which the reply was due, take up the matter with the Employer's Step 3 designate.

Step 3 – Failing settlement at Step 2, the President of the Union or designated by the Union may, within fourteen (14) working days of the Employer's reply at Step 2, or the date upon which the reply was due, take up the matter with the Employer's Step 3 designate.

Step 4 – Failing settlement at Step 3, the grievance may be referred to arbitration within thirty (30) working days from the date the matter was taken up with the Employer's Step 3 designate.

20.7 Union Representation

A full-time representative of the Union may appear with the steward and/or grievance committee at any time beyond Step 1 of the grievance procedure.

20.8 Policy Grievance

Where a dispute involves a question of general application or interpretation, where a group of employees has a grievance or, where the grievance involves the dismissal, suspension or layoff of an employee, Step 1 of the grievance procedure may be by-passed.

20.9 Union May Initiate Grievance

The Union and its representatives shall have the right to originate a grievance on behalf of an employee or group of employees, with such grievance commencing at Step 2 of the grievance procedure.

20.10 Replies in Writing

If an employee presents a grievance at Step 1 in writing, the grievance will be responded to in writing. All replies to grievances beyond Step 1 of the grievance procedure shall be in writing.

20.11 Facilities

The Employer shall provide the necessary facilities on the Employer's premises for grievance meetings.

20.12 Failure to Act Within Time Limits

If the grievor or Union fail to process a grievance to the next step within the time limits specified, the grievance shall be deemed to be abandoned and all rights of recourse with respect to that grievance shall be at an end. However, the position of the Union on any future grievance of like nature shall not be prejudiced by this situation.

20.13 Technical Objection to Grievance

No grievance shall be defeated by a formal or technical objection. In this respect, an arbitration board or single arbitrator shall have power to allow necessary amendments to the grievance and to waive formal procedural irregularities in the processing of a grievance, provided that the basic nature of the grievance shall not be changed.

20.14 Dismissal Grievances

In the case of a dispute arising from an employee's dismissal, the grievance may be filed at Step 3.

ARTICLE 21 – ARBITRATION

21.1 Request for Arbitration

It is agreed that grievances referred to arbitration generally be submitted to a single arbitrator. However, the option of referring a grievance to an arbitration board in place of a single arbitrator shall be by mutual agreement of the Parties.

Where a grievance arising from the discharge of an employee progresses to arbitration either party may elect, in writing, to utilize the procedure outlined in Article 21.3 as an alternative to the arbitration procedure set out above.

21.2 Appointment of Arbitrator

The appointment of an Arbitrator shall be made by the mutual agreement of the Company and the Union or, failing such mutual agreement, by the Minister of Labour or such other procedure as is provided under the *Labour Relations Code* or successor legislation.

21.3 Expedited Arbitration

- (a) An arbitrator must meet and hear the evidence of both parties within fifteen (15) days after assignment. If an arbitrator is unable to commit himself to do so, the grievance shall immediately be assigned to an arbitrator with requisite availability.
- (b) The unavailability of counsel shall not be a reason to delay an arbitration under this section.
- (c) The parties will endeavour to agree on a statement of material facts, which may be submitted to the arbitrator in advance of the hearing.
- (d) The arbitrator will give his decision within one (1) week after the hearing. The reasons need not be given at the same time as the decision.

21.4 Composition of Arbitration Board

When the Parties agree that a grievance be submitted to an arbitration board, each of the Parties shall provide the other with written notice which shall indicate the name and address of the Party's nominee on the board. The party receiving such notice shall, within seven (7) days of receipt, notify the other party, in writing, of the name and address of its nominee. The two nominees shall then meet to select an impartial chairperson.

21.5 Failure to Appoint

If a recipient of the written notice, as provided in Article 21.4, fails to appoint its nominee within the prescribed time limit or, the two nominees fail to agree upon a neutral chairperson within seven (7) days of the later appointed, the appointment shall be made by the Minister of Labour at the request of either party.

21.6 Procedure of the Board

The Board shall give full opportunity to all parties to present evidence and make representations. It shall hear and determine the difference or allegation and render a decision within thirty (30) days from the time the chairperson is appointed. For the purpose of this and the remaining section of this Article, the chairperson shall be deemed to include a single arbitrator.

21.7 Decision of the Board

The decision of the majority shall be the decision of the Board. If there is not majority decision, the decision of the Chairperson shall be the decision of the Board. The decision of the Board shall be final, binding and enforceable on all parties, but in no event shall the board have the power to change this Agreement or to alter, modify or amend any of its provisions.

However, within the above provisions, the Board shall have the power to dispose of a discharge or discipline grievance by any arrangement it deems just and equitable.

21.8 Disagreement on Decision

Should the parties disagree as to the meaning of the Board's decision, either party may make written request to the chairperson to reconvene the Board in order to clarify the decision, which it shall do within five (5) days of such request.

21.9 Expenses

Each party shall pay:

- (a) the fees and expenses of its nominee to the board; and
- (b) one-half (1/2) the fees and expenses of the chairperson.

21.10 Amending of Time Limits

The time limits fixed under the grievance and arbitration procedure may be extended by mutual agreement between the parties.

21.11 Written Notice

For the purpose of this article, any written notice required by a party shall be by registered mail addressed to the other party.

ARTICLE 22 - CONTRACTING OUT: NON-CORE

- 22.1 Services or positions that do not contribute to or are peripheral to the Company's core business will be reviewed to determine if more economical means exist to deliver such work or services by contracting out. During the term of this Agreement, the Company intends to review work or services to determine if more economical means exist to deliver such work or services by contracting out.
- 22.2 Management reserves the right to evaluate and decide upon how such work or service will be delivered. The Union will be provided with advance notice (sixty (60) days advance notice where practicable) and an opportunity for consultation in these circumstances and the Company will be obligated to show the economic benefits of the change.
- 22.3 The Union has the right to grieve decisions on contracting out only on the basis of disproving the Company's economic rationale.

ARTICLE 23 - CONTRACTING OUT: OFFICE & TECHNICAL SERVICES

- 23.1 Concerning office and technical services work, Management reserves the right to evaluate and decide upon how such work or service will be delivered. The Union will be provided with advance notice (sixty (60) days advance notice where practicable) and an opportunity for consultation in these circumstances and the Company will be obligated to show the economic benefits of the change.
- 23.2 The Union has the right to grieve decisions on contracting out only on the basis of disproving the Company's economic rationale.

ARTICLE 24 - TECHNOLOGICAL CHANGE

- 24.1 The Company undertakes to advise and to discuss with the Union in advance as far as possible and at least sixty (60) days before any technological changes which the Company has decided to introduce which will result in significant changes in the employment status of the employees.
- 24.2 The Company agrees to discuss with the Union the effect of such technological changes on the employment status of employees and to consider, practical ways and means of minimizing the adverse effect on employees displaced by such changes. Such measures as early retirement, retraining and transfers to other existing jobs will be considered.
- 24.3 Permanent employees with a minimum of one (1) year's continuous employment who are set back to a lower paid job due to job elimination under conditions set out above shall retain their rate of the permanent payroll position for an initial period of six (6) months. For an additional period of six (6) months, an adjusted rate will be established midway between this rate and the rate for his new job for each work week. At the end of the twelve (12) month period, the rate for the job to which the employee is assigned will apply. Seasonal or temporary employees are not covered by this clause.
- 24.4 A permanent employee with one (1) year's continuous service who is laid off due to job elimination under conditions set out above will receive notice of the impending change in employment status at the earliest possible time.

ARTICLE 25 – SAFETY AND HEALTH

- 25.1 Safety and safe work practices are declared to be a fundamental concern for the Union and the Company.
- 25.2 The Union and the Company shall co-operate in selecting a Joint Safety Committee, which will meet at least once a month to consider all safety problems.
- 25.3 Employees and the Company are to comply with established safety rules as amended by the Joint Safety Committees from time to time.

- 25.4 The Union undertakes to promote safety education among its members in an effort to overcome accidents.

ARTICLE 26 - FLEXIBLE WORK PRACTICES

- 26.1 The introduction of flexible work practices is designed to, improve productivity, improve product quality, reduce down time and lower costs while ensuring that the work is completed in a safe and efficient manner.
- 26.2 This Article supersedes local practices, and any verbal or written agreements which would impair the implementation of flexible work practices.
- 26.3 All work will be performed in a manner consistent with safety articles of the Collective Agreement as well as the Company's safety rules and the regulations issued by the Workers' Compensation Board of B.C. It is recognized that some tasks can only be performed by employees who possess certain government certifications and in that instance, the work will only be performed by employees who possess the required government certificate.
- 26.4 All employees will safely utilize all of their existing skills and maximize their productivity and learn and use new skills as required to enhance their effectiveness.
- 26.5 The acquisition of new skills to facilitate the implementation of flexible work practices is an ongoing process and will continue over time to support the changing needs of the business.
- 26.6 No employee's regular job rate will be reduced during an assignment to perform work under this work place flexibility agreement. This does not apply to an employee who is laid off or whose job is temporarily curtailed and is recalled or works in a different job category on the basis of mill seniority.

ARTICLE 27 - STRIKES AND LOCKOUTS

- 27.1 No strikes or lockouts shall occur during the term of this Agreement.
- 27.2 In the event of cessation of work or a strike through failure to renew this Agreement, it is agreed that, implementation and continuance of the insurance benefits, excluding Weekly Indemnity and Long Term Disability Benefits, will be maintained subject to the employees or the Union paying the employee portion of the coverage. Weekly Indemnity and Long Term Disability Benefits being paid at the commencement of a strike, supported by proper medical evidence when requested, will be continued.

ARTICLE 28 - MEETINGS WITH MANAGEMENT

28.1 The Company shall pay lost time for Union Officers and Stewards attending meetings with Management.

Signed this *_____ day of _____, 2003 at Prince Rupert, British Columbia, Canada.

NEW SKEENA FOREST PRODUCTS INC.
Vancouver, British Columbia

John Lyotier, Human Resources Manager

Brenda Sparkes, Human Resources Assistant

**BRITISH COLUMBIA GOVERNMENT &
SERVICE EMPLOYEES' UNION**
Prince Rupert, British Columbia

◆ George Heyman, President, BCGEU

◆ Lyle McNish, Chairperson

◆ Cathy Quane, Bargaining Committee

◆ Wes Law, Staff Representative

APPENDIX "A"
SCHEDULE OF WAGES

Position	Job Code		Rate
Relief Clerk	630	Min	\$15.52
	631	6 Month	\$16.02
	632	12 Month	\$16.64
Purchasing Steno	110	Min	\$17.07
	111	6 Month	\$17.67
	112	12 Month	\$18.45
Junior Buyer	130	Min	\$17.40
	131	6 Month	\$17.73
	132	12 Month	\$18.72
Buyer (Intermediate)	140	Min	\$18.49
	141	6 Month	\$19.42
	142	12 Month	\$20.37
	143	18 Month	\$21.41
Payroll Clerk	220	Min	\$17.07
	221	6 Month	\$17.67
	222	12 Month	\$18.45

Paymaster	230	Min	\$19.45
	231	6 Month	\$20.48
	232	12 Month	\$21.57
	233	18 Month	\$22.70
Accounts Payable Clerk	310	Min	\$16.47
	311	6 Month	\$17.01
	312	12 Month	\$17.67
Sr. Acct. Payable Clerk	320	Min	\$18.49
	321	6 Month	\$19.42
	322	12 Month	\$20.37
	323	18 Month	\$20.37
	324	24 Month	\$21.41
Maintenance/Engineering Steno	410	Min	\$17.07
	411	6 Month	\$17.67
	412	12 Month	\$18.45
Draftsman 1	430	Min	\$17.73
	431	6 Month	\$18.49
	432	12 Month	\$19.33
	433	18 Month	\$19.33
	434	24 Month	\$20.37

Draftsman II	440	Min	\$20.54
	441	6 Month	\$21.69
	442	12 Month	\$22.83
	443	18 Month	\$22.83
	444	24 Month	\$24.08
Technical Steno	510	Min	\$17.07
	511	6 Month	\$17.67
	512	12 Month	\$18.45
Tester	520	Min	\$16.47
	521	6 Month	\$17.01
	522	12 Month	\$17.67
General Technologist	530	Min	\$17.73
	531	6 Month	\$18.49
	532	12 Month	\$19.33
	533	18 Month	\$20.37
	534	24 Month	\$20.37
Environmental/Process Technologist	540	Min	\$20.54
	541	6 Month	\$21.69
	542	12 Month	\$22.83
	543	18 Month	\$24.08
Senior Technologist	554	Min	\$27.08

Trainee	610	Min	\$16.01
Receptionist/Clerk	620	Min	\$16.01
	621	6 Month	\$16.41
Raw Material/Pulp Shipment Coordinator	640	Min	\$19.45
	641	6 Month	\$20.48
	642	12 Month	\$21.57
	643	18 Month	\$22.70
Int. Accountant	650	Min	\$19.45
	651	6 Month	\$20.48
	652	12 Month	\$21.57
	653	18 Month	\$22.70

APPENDIX “B”

Early Retirement Pension

The rules for early retirement are those set out in section 7.02 of the Employer’s current Retirement Plan for Salaried Employees.

Early Retirement Pension

7.02 *A Member who retires early pursuant to Section 6.02 is entitled to receive either:*

(1) *With Consent*

With the consent of the Retirement Board, a monthly pension commencing on the first day of any calendar month on or following his Early Retirement Date up to his Normal Retirement Date which is:

(a) *calculated according to the formula applicable to members of the BCGEU under Section 7.01 as modified by Appendix C;*

reduced by

(b) *1/4% for each month by which the pension commencement date precedes the first day of the month which is the same as or next succeeds the date on which the Member would attain age 60.*

The granting of consent by the Retirement Board shall be on a non-discriminatory basis.

(2) *No Consent*

If the Retirement Board does not consent, a monthly pension commencing on the first day of any calendar month on or following his Early Retirement Date up to his Normal Retirement Date which is the Actuarial Equivalent of the pension calculated according to the formula in Section 7.01.

(3) Prescribed Reduction

Provided however, that the pension payable under Section 7.02 (1) or 7.02 (2) shall not be greater than the pension calculated in accordance with Section 7.01 reduced by the Prescribed Reduction.

(4) Deferral of Early Retirement Pension

A Member who retires pursuant to Section 6.02 is entitled to defer commencement of his pension to the first day of any month following his Early Retirement Date up to his Normal Retirement Date, and the Retirement Board shall determine at his Early Retirement Date if his monthly pension is to be calculated with its consent under Section 7.02 (1), or with no consent under Section 7.02 (2), as the case may be.

(5) Partial or Complete Plan Wind-Up

In the event of a complete or partial termination of the Plan the consent of the Retirement Board to apply the reduction factors as set out in Section 7.02 (1) shall not be granted and in all instances the Member's pension shall be the Actuarial Equivalent of the pension calculated according to Section 7.01 subject to Section 7.02(3).

LETTER OF UNDERSTANDING #001**VACATION BUY-OUT PLAN**

This Letter of Understanding constitutes an offer by the Company whereby certain employees are given a one-time opportunity to obtain monetary compensation for the reduction of their vacation entitlement pursuant to the provisions of the Collective Agreement to which this Letter of Understanding is attached:

1. The offer is called the Fresh Start Vacation Entitlement Buy-Out Plan (“FSVEBOP”).
2. FSVEBOP is available to persons who are employees of the Company and who would have been entitled to six or seven weeks of vacation with pay but for the operation of Article 14 of the Collective Agreement to which this Letter of Understanding is attached.
3. Employees to whom FSVEBOP is available, as described in section 2 herein, shall receive a one-time payment of \$800.00 for each week of annual vacation entitlement eliminated by the operation of Article 14 to a maximum of \$1600.00.
4. The Company and the Union agree that this is an offer by the Company to make a one-time FSVEBOP payment to certain employees of the Company.
5. This Letter of Understanding will end and cease to be of any force or effect at the end of the term of the Collective Agreement to which it is attached and forms a part.

SIGNED ON BEHALF OF:

B.C.G.E.U., Prince Rupert

NEW SKEENA FOREST
PRODUCTS INC.

LETTER OF UNDERSTANDING #002**PROFITABILITY COMMITTEE**

The Company and the Union are committed to the long-term viability and sustained profitability of the operations of New Skeena Forest Products Inc. The Parties fully intend to work together to ensure the future health of the operations.

It is well known that the Company has been unprofitable, became insolvent in 1997 and again in 2001. Now the Company and the Union have an agreement (the "Agreement") in place until March 31, 2009 under which the wages of the members of the Union were reduced by 20%. It is desirable to increase the wages of the employees as much as possible in the circumstances, to ensure that New Skeena Forest Products Inc. remains a most desirable place to work.

The Parties agree that as the Company returns to profitability during the term of the Agreement, a process will be utilized to determine whether the 20% wage reduction taken by the employees can be added back in to future wages.

THEREFORE, IT IS AGREED, that:

1. The Company and the Union will, by September 15, 2006, form a Profitability Committee with an equal number of Company and Union members to review information provided by the Company to determine whether, as at March 10, 2008, the Company is profitable (on a net, after-tax basis), is likely to continue to be profitable into the future, is competitive on a world scale, and whether the Company has sufficient financial resources to withstand a downturn in the markets for lumber and pulp.
2. The Profitability Committee will draft a report by March 28, 2008 indicating its conclusion as to whether the 20% wage reduction taken by the employees can be added back in to future wages based on the factors listed in paragraph 1.
3. The report set out in paragraph 2 will be considered by the Board of Directors of the Company which, by May 15, 2008, will indicate to the Union one of:
 - (a) that, based on the factors set out in paragraph 1, the 20% wage reduction can be restored to the employees after September 14, 2008, and how it can be restored;
 - (b) that, based on the factors set out in paragraph 1, a wage amount lower than 20% can be restored to the employees, or;
 - (c) that, based on the factors set out in paragraph 1, no wage amount can be restored to the employees.
4. If, based on the factors set out in paragraph 1, the Union disagrees with the conclusion of the Company under paragraph 3, the Union can request that the decision of the Company under paragraph 3 be reviewed, based on the factors set out in paragraph 1, by a Profitability Review Board set up under paragraph 5.

5. A Profitability Review Board is comprised by the Union and the Company each nominating one Chartered Accountant, and the two Chartered Accountants so nominated agreeing on one other Chartered Accountant, who shall be the Chair of the Profitability Review Board.
6. The Profitability Review Board will have the jurisdiction to review the decision of the Company under paragraph 3, using the factors set out in paragraph 1, as to whether the Company can sustain the restoration of the 20% wage reduction to the employees, or some portion thereof.
7. If the determination of the Profitability Review Board is different than the determination of the Company, the Company will implement the wage increase determined by the Profitability Review Board to be sustainable, over such period of time as the Company's Board of Directors determines to be appropriate.
8. The Parties agree that the Profitability Review Board has the power to determine its own procedure so long as it bases its determination on the factors set out in paragraph 1.

SIGNED ON BEHALF OF:

B.C.G.E.U., Prince Rupert

NEW SKEENA FOREST
PRODUCTS INC.

LETTER OF UNDERSTANDING #003**ADVANCE ON PROFIT SHARE**

The Company is fully committed to ensuring that New Skeena Forest Products Inc. is profitable now and in the future. It believes that profitable operations ultimately benefit all stakeholders, employees and the community at large. As an indication of its commitment, the Company will pay, as an advance on expected profit sharing payments ultimately to be paid to employees pursuant to Article 11 of the Agreement, the following amounts at the following time:

1. Two thousand five hundred (\$2500.00) dollars to each employee who is a member of the Union immediately after the Company receives formal notice that the Agreement has been finally ratified by the Union and New Skeena Forest Products Inc. receives its operating financing;
2. Two thousand five hundred (\$2500.00) dollars to each employee in the bargaining unit recalled to work by the Company on a full-time basis. This payment will be made at the same time as their first pay cheque.

The payments set out above are an advance on expected future profit share payments as set out in Article 11 of the Agreement and are not a payment of wages owed, due or coming due, or a "signing bonus".

This Letter of Understanding will end and cease to be of any force or effect at the end of the term of the Collective Agreement to which it is attached and forms a part.

SIGNED ON BEHALF OF:

B.C.G.E.U., Prince Rupert

NEW SKEENA FOREST
PRODUCTS INC.

LETTER OF UNDERSTANDING #004**CONTRACTING OUT POSITIONS**

The following positions are currently included in Appendix "A" to the Agreement between the Parties, B.C.G.E.U., Prince Rupert and New Skeena Forest Products Inc., and are thereby included in the B.C.G.E.U. bargaining unit as recognized under Article 2.4 of the Agreement:

Position:	Junior Buyer	Buyer (Intermediate)	Purchasing Steno
Job Codes:	130, 131, 132	140, 141, 142, 143	110, 111, 112

Position:	Draftsman I	Draftsman II
Job Codes:	430, 431, 432, 433, 434	440, 441, 442, 443, 444

The Parties understand and agree that these positions are affected by Article 22 or Article 23 of the Agreement and are being reviewed as non-core positions or being evaluated as office and technical services contracting out. Therefore, the Parties understand and agree that once the work that is being performed by the incumbents of those positions is performed by contractors or other entities those positions delineated above will no longer be part of the B.C.G.E.U. bargaining unit and will not be recognized under Article 2.4.

The Company, where practical, will give the Union sixty (60) days notice prior to contractors or another entity commencing performance of the work of the positions set out above.

SIGNED ON BEHALF OF:

B.C.G.E.U., Prince Rupert

NEW SKEENA FOREST
PRODUCTS INC.

