

**BY E-MAIL**

**ADVISORY LETTER**

**AL 24 - 07**

November 23, 2007

**TO: ALL FIR MEMBER COMPANIES**

Gentlemen and Mesdames:

**Re: Benefit Plan Premium Recovery**

FIR has recently received a copy of a letter from USW Local 1-80 on the subject of Benefit Plan Premiums and Employee Repayment, which we enclose for your information.

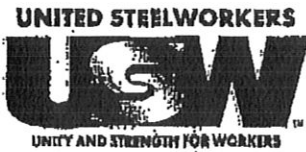
We have asked Harris and Company to review the Union's letter and to provide their opinion on this subject, which is also attached for your information.

Harris & Company advises the advice provided by FIR is consistent with their view that employees, regardless of their status at the time of the commencement of the strike, are required to reimburse the employer for the benefit premiums paid during the strike. They also go on to recommend that FIR members who receive policy grievances such as the present one, are best to defer the matter to FIR, as there is potential of interpretation in relation to the Coast Master Agreement.

Yours very truly,

Thomas J. Getzie  
Vice President, Education and  
Benefits Administration

TJG:jc  
Encs.



**STEELWORKERS LOCAL 1-80**  
**SOUTH VANCOUVER ISLAND**

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November 22, 2007

To All Forest Industrial Relation Employers and Me Too Employers

Attention: Managers

RE: Benefits and Employee Repayment

Dear Sirs

It has been brought to our attention as per the agreement reached by your bargaining association during the Coast Master negotiations and strike regarding the employers continuing coverage of benefits while our members were on strike and that the employee's would reimburse the company by payroll deduction once the strike was over.

Issues:

1. Some employers have taken the position that employees that were on lay off or for illness or injury also were considered to reimburse the company for benefits covered by the employer during the strike.
2. Some companies also when calculating the amount of repayment also pro-rated the amount of benefit costs for the month of July and also the month of October, the start and end of the strike for those who returned in October.

We the Union are putting your company on notice that these issues have already been arbitrated between Teamsters and Tree Island Industries January 20, 1997 Award #A-19/97. Out of this arbitration it was awarded that the employer was not able to deduct reimbursement for those employees's on lay off or illness and injury, as well the employer was not allowed to pro-rate payment for partial months not worked.

It is our position that we ask the employer to immediately rectify this situation in the appropriate fashion or failing that this letter will serve notice as a Policy Grievance put forward by United Steelworkers Local 1-80.

Thank you for your attention to this matter.

Regards,

Pat Kinney  
Financial Secretary

PK/ak

Copy: Sandra Banister, Legal Counsel  
Bob Matters, USW District 3  
Ross Stryvoke, FIR



Chris E. Leenheer  
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Our file 001435/001

November 23, 2007

To: All Forest Industrial Relation Employers



Attention: Managers

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Dear Sirs and Mesdames:

Re: Benefit Premiums During Strike

We have been asked by Forest Industrial Relations Inc. ("FIR") to review a letter from the Steelworkers Local 1-80 (the "Union") dated November 22, 2007 respecting the repayment of employee benefit premiums paid out during the recent strike.

The Union alleges, based on an arbitration award involving Tree Island Industries, that employees who were on layoff or illness or injury leave prior to the strike should not be required to repay the benefit premiums paid by the employers during the strike. In addition the Union alleges that the employers should not be permitted to prorate the benefit premiums for the partial months of July and October, which were when the strike started and ended.

We have reviewed the Tree Island arbitration award, the FIR Advisory Letters dealing with these issues, and the agreement of the Trustees respecting the issues of payment of benefit premiums during a strike. In our view the advice provided by FIR to its member companies is sound and should continue to be followed.

The Trustees of the benefit plan established pursuant to the Coast Master Agreement agreed in 1992 that benefit premiums during a work stoppage would continue to be paid by the employers, and that such premiums would be reimbursed by the employees after their return to work. This agreement applies to all employees, regardless of their status at the time of the commencement of the strike.

In terms of benefit coverage, as opposed to benefit premiums, the Trustees agreed that employees on weekly indemnity prior to the commencement of the work stoppage would continue to receive their benefit payments (wage loss benefits).

The Coast Master Agreement provides that the employer pays the full premium cost of benefits for its employees. Once a strike commences, the collective agreement comes to an end and there is no obligation on an employer to continue benefits pursuant to the expired agreement. The *Labour Relations Code* deals with this and provides that if the union advances benefit premium payments to the employer, the employer must continue the benefit plans for the employees who are subject to the work stoppage. Thus, the employer does not pay for the premiums during a work stoppage.

As stated above, the Trustee agreement has dealt with this issue by requiring the employers to continue the premium payments, but that such premiums will be reimbursed by the employees at the end of the work stoppage. Again, the employer is not ultimately responsible for these premium payments during a work stoppage.

The Tree Island arbitration award referenced by the Union does state that in the context of that employer's collective agreement and benefit plan that the premiums for employees on sick leave or layoff prior to the commencement of the strike should be paid by the employers. However, in our view the arbitrator's conclusions were based upon prior arbitration awards that did not establish that as a principle, and in fact were dealing with the issue of benefit coverage for such employees, not the payment of premiums. Therefore, in our view this case does not represent authority for the position being advanced by the Union. In addition, it is based on the particular circumstances of that employer and agreement. In the context of the FIR companies and the Coast Master Agreement and benefit plan thereunder, the Trustees have dealt with this issue and have expressed that all employees must reimburse the premium payments made during the work stoppage.

In our view, the advice provided by FIR in the Advisory Letters is consistent with our view that employees, regardless of their status at the time of the commencement of the strike, are required to reimburse the employers for the benefit premiums paid during the strike.

The Union's second allegation relates to the prorating of benefit premiums for the months of July and October. The Union again relies on the Tree Island award as authority for their position. However, the arbitrator in that case found that it was appropriate for the employer to prorate the benefit premiums for partial months of a work stoppage. Therefore, the award is in fact contradictory to the Union's position on this point.

In our view, regardless of the authority of the Tree Island award, the proper approach to premiums for months where there was a work stoppage during part of that month is to prorate the premiums. Again the FIR Advisory Letters should be followed in this regard.

Therefore, we would recommend that FIR members and other employers bound by the Coast Master Agreement should continue to follow the advice of FIR through the Advisory Letters respecting benefit premiums during a work stoppage and repayment of such premiums by employees after the end of the work stoppage.

Finally, we would recommend that FIR members who receive policy grievances such as the present one which deal with issues that could impact on the interpretation of the Coast Master Agreement should defer to FIR as the accredited bargaining agent to deal with the Union and any potential grievance that could have global implications.

Yours very truly,  
Harris & Company

Per: 

Chris E. Leenheer

*CEL/cel*

cc Forest Industrial Relations  
Attention: Ross Stryvok

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