IN THE MATTER OF A SPECIAL MEDIATION
PURSUANT TO THE *SASKATCHEWAN EMPLOYMENT ACT*, 2013 c. S -15.1

BETWEEN:

CONSUMER'S CO-OPERATIVE REFINERIES LIMITED

(the "Employer" or the "Company")

AND:

UNIFOR CANADA, LOCAL 594

(the "Union")

REPORT OF THE SPECIAL MEDIATORS

VINCENT L. READY AND AMANDA ROGERS

SUBMITTED TO THE PARTIES AND THE HONOURABLE MINISTER OF LABOUR AND WORKPLACE SAFETY

ON

MARCH 19, 2020

33546

On February 12, 2020 we were appointed by the Honourable Don Morgan, Minister of Labour and Workplace Safety for the Province of Saskatchewan to assist the parties in this long-standing labour dispute. Our appointment was made under Section 6-28 of the *Saskatchewan Employment Act*, which reads:

> Special mediator
>
> 6-28(1) On the request of either party to a labour-management dispute or on the minister's own initiative, the minister may do all or any of the following:
>
> (a) appoint a person as a special mediator to investigate, mediate and report to the minister on any labour-management dispute;
>
> (b) establish any terms of reference that the minister considers necessary with respect to any of the following:
>
> (i) the remuneration to be paid to the special mediator;
> (ii) the procedures to be followed by the special mediator;
> (iii) the publication of any reports submitted by the special mediator;
>
> (c) replace the special mediator or terminate the appointment of the special mediator.
>
> (2) A special mediator appointed by the minister pursuant to subsection (1):
>
> (a) has the powers of a commissioner pursuant to sections 11, 15 and 25 of *The Public Inquiries Act*, 2013; and
>
> (b) is not bound by the rules of evidence, but may receive and accept any evidence that the special mediator considers appropriate.

I. BACKGROUND

The Employer is the Co-op Refinery Complex (CRC) in Regina, Saskatchewan, which is owned and operated by Federated Co-operatives Limited (FCL). In operation since 1935, the CRC is one of Canada's largest integrated refining and upgrading complexes. It has the capacity to process approximately 130,000 barrels of crude oil per day – enough to fuel the needs of the Cooperative retail system. Indeed, the CRC is a critical component of the Cooperative retail system, providing fuel to the Co-Op retail outlets across Western Canada, as well as profits which are distributed to individual Co-Op retail outlets to fund capital upgrades, and to individual Co-Op members.

The Union is certified to represent approximately 750 bargaining unit members who perform processing and maintenance work at the CRC in Regina, Saskatchewan.

The previous Collective Agreement between the parties (Collective Agreement) expired on January 31, 2019. The parties held bargaining meetings between January 15, 2019 and January 31, 2020. Unable to reach a deal, however, the Employer locked out bargaining unit employees on December 5, 2019 after being served strike notice by the Union. It continues to operate the refinery utilizing replacement workers and excluded personnel.

II. OVERVIEW OF DISPUTE

It would be an understatement to say this has been a difficult and arduous set of negotiations. Both parties have been and remain intransigent in their respective positions which has led to the current labour dispute.

At the heart of this dispute is the Employer's stated requirement to cut its costs and increase its operational efficiency to bring its operations in line

with its competitors. To that end, the Employer has proposed significant changes to terms and conditions in the Collective Agreement, most notably to employee pension benefits and contributions and to longstanding employment practices it views as overly restricting its management rights.

The Employer has also proposed to eliminate the Employee Savings Plan, which requires it to match employee contributions up to a maximum of 6.5% of employees' annual gross earnings. In place of the Savings Plan, the Employer seeks to introduce a "Performance Plan", which is already applicable to its excluded employees. Under this existing Plan, employees receive "a target level payout of 6% of annual gross base earnings, with the potential for maximum pay out of 9% when performance targets are exceeded." The Employer proposes the terms of the Performance Plan be outside the Collective Agreement and within its sole discretion to alter or eliminate.

As noted, the Employer is also requesting the removal of certain provisions of the Collective Agreement which it asserts will considerably increase the efficiency of its operations. Most notably the deletion of a portion of LOU 58 requiring the Employer to maintain a minimum number of maintenance personnel, and the deletion of LOU 59 in its entirety – which sets out job descriptions and guidelines for positions in the operations – and which has been viewed by the Company to prevent it from efficiently assigning work to bargaining unit members. The Employer also seeks to eliminate the Master Operator position from the bargaining unit. It says it will combine the duties of this bargaining unit classification with an existing out-of-scope position. Prior to the lockout, there were approximately 59 bargaining unit members in this position.

The Employer seeks various other changes set out and addressed later in this Report.

For its part, the Union strongly opposes the Employer's proposed changes to the Collective Agreement. With respect to the pension, the Union seeks to retain the Defined Benefit (DB) pension plan for existing members who are already enrolled in the DB Plan. In order to do so, the Union has offered to have employees make some contributions towards their pension, as under the existing Collective Agreement language, the Employer is responsible for the entirety of pension contributions. The Union has alternatively proposed the DB Plan be merged with an existing "negotiated cost DB plan" in the pulp and paper industry.

Not surprisingly, the Union rejects the Employer's proposal to eliminate the Savings Plan.

With respect to the Employer's quest for greater operational efficiency, the Union has stated it is willing to work with the Employer to help determine operational efficiencies. It says, however, that these efficiencies cannot create "havoc" for its "members' core work duties", nor compromise safety through the performance of skilled tasks by unqualified and untrained workers.

While the parties are stalemated on the issues before us, they have agreed to the wages and certain benefits set out in the National Chemical and Energy Agreement, known as the "National Pattern" agreement between Unifor and certain refineries in Western Canada. The adoption of all previously agreed to terms, including but not limited to those related to the National Pattern, forms part of our recommendations (see Recommendation #1).

III. SPECIAL MEDIATORS' TERMS OF REFERNCE

Under the terms of reference provided by the Honourable Minister of Labour and Workplace Safety, we are required to consider the following factors

in making our recommendations regarding terms and conditions to settle the present labour dispute:

(a) the need for terms and conditions of employment that are in balance with the economic interests of the Province;

(b) the importance of good labour-management relations in the Province;

(c) the economic interests of the members of the trade union and its members of the bargaining unit;

(d) external collective agreements within the oil refinery sector and the Province;

(e) the general impact and consequences the current labour dispute is having on all concerned interests; and

(f) any other relevant factor the special mediators and/or the Minister deem appropriate.

In keeping with the terms of reference, we have drafted recommendations that we believe properly balance the interests of the parties and represent an appropriate compromise to bring this difficult dispute to an end considering all of the relevant circumstances.

IV. ISSUES IN DISPUTE

(a) General observations

As noted at the outset of this report, the Employer's approach to this set of negotiations centers around its desire to achieve cost-savings both through changes to the DB Plan and through the elimination of restrictive work practices.

We start by observing that these parties have enjoyed a long-standing bargaining relationship and that the provisions in dispute have been negotiated into the Collective Agreement over several decades.

As stated, the Employer seeks significant changes to the Collective Agreement it submits are necessary for it to bring its costs in line with other refineries and put itself in a favourable position to raise capital to meet future needs. According to the Employer, it predicts a decline in the Company's future profitability due to "stabilized pricing factors", a decline in the market for fossil fuels, and the impending introduction of Clean Fuel Standards by the federal government. The Employer asserts these factors, along with its uncompetitive labour costs and its need for "significant and immediate capital investment", provide a rational basis for its bargaining position. Furthermore, the Employer makes clear in its submission that it has no appetite to resolve the present dispute without achieving its bargaining objectives.

The Union, on the other hand, is of the view that the hefty concessions sought by the Employer are not justified in light of the Employer's current profitability. The Union refutes the Employer's data about the declining need for fossil fuels and the impact of government green initiatives. Not surprisingly, there is considerable reluctance by the Union to change longstanding, freely negotiated provisions of the Collective Agreement.

What is necessary in this dispute, in our view, are recommendations that appropriately balance these interests and fit within our terms of reference. With that in mind, we turn now to the specific issues in dispute.

(b) The National Pattern

As noted above, we recommend the parties adopt all previously agreed to language arising from the National Pattern.

This includes, amongst other things, a four-year term for the Collective Agreement (February 1, 2019 to January 31, 2023) and the following wage increases over the term of the Agreement:

- Year 1: 2.5%
- Year 2: 2.75%
- Year 3: 3.00%
- Year 4: 3.5%

In addition to the above-noted wage increases, the parties have agreed that shift differentials and wage-related premiums will be adjusted by the same percentages and that employees who retire during the negotiation period will receive a retroactive wage adjustment for any hours worked between February 1, 2019 and ratification of the renewed Collective Agreement.

The parties have also agreed to the following enhancements to employee benefits:

- Hearing aid coverage – increase to $500 every 60 months
- Remove Diabetic supply limit
- Remove suicide clause from both EHC and Life Insurance policies

Further, the parties have agreed to increase the severance pay multiplier in LOU 56 from 1.15 to 1.30 consistent with the National Pattern.

In addition to the above, the parties committed to incorporating language addressing domestic violence into the Collective Agreement as set out in the National Pattern. To this end, the Employer proposed the following language, excerpted from another Unifor Memorandum of Settlement that is modelled on the National Pattern:

During 2019 negotiations the Company and the Union discussed the impact of domestic violence or abuse on employees and the workplace.

Domestic violence or abuse impacts productivity and often results in absences. Employee absences can be connected to illness and/or their ability to report to work. Additionally, domestic violence can be difficult for employees to disclose and receive the necessary help or support. Knowing employees face situations of violence or abuse in their personal lives and the negative impact this issue can have on the workplace, the Company and the Union agreed on the need to bring greater awareness and make it easier for employees to disclose and ask for help.

The Company agrees to sponsor a meeting with local union representatives to review and discuss the impact of domestic violence or abuse on employees and how it impacts the workplace. The purpose of this meeting will be to explore ways the Company and the Union can collaborate to address the following:

- Raise awareness;
- Enable disclosure from employees experiencing domestic violence or abuse;
- Promote access to domestic violence or abuse support services; and
- Develop a plan to have continued dialogue during the term of the agreement.

We recommend this language be incorporated into a new Letter of Understanding to be appended to the renewed Collective Agreement.

The Employer has further proposed a letter of understanding on the creation of a Women's Advocate in the workplace, which it has also modeled on language in other Unifor agreements:

The parties recognize that female employees may sometimes need to discuss with another woman matters such as violence or abuse at home. They may also need to find out about specialized

resources in the community such as counselors or women's shelters to assist them.

For this reason, the parties agree to recognize the role of Women's Advocate in the workplace. The Women's Advocate will be determined by the Union from among the female employees. It is the Union's responsibility to pay for their training, travel costs and any lost wages. The employee must apply for Union leave under Article 15, section 5b to attend training and the leave is unpaid.

The Women's Advocate will provide services to employees after-hours wherever possible. In emergent circumstances, these services may be conducted on company time subject to Article 14(6). The company will provide access to an office for such meetings.

The Women's Advocate does not displace the services of EFAP, Human Resources or the Occupational Health Nurses.

The parties agree to a two (2) year trial period ending on two (2) years after the date of ratification of the Collective Agreement.

We similarly recommend this language be incorporated into a new Letter of Understanding to be appended to the renewed Collective Agreement.

Recommendation #1

As noted above, we recommend the parties adopt all previously agreed to language (as summarized in the Agreed Upon Items document attached as Appendix A to this Report), as well as the language detailed above arising from the National Pattern.

(c) LOU 58

Summary of Parties' Positions

LOU 58 was also first added to the Collective Agreement in 1968. It requires, amongst other things, that the Employer maintain a fixed number of positions in its maintenance department. Over multiple rounds of bargaining, the Union has negotiated increases to this minimum number. At present, LOU 58 stipulates the Employer must employ no fewer than 256 maintenance personnel.

The Employer is of the firm view that its maintenance department is presently overstaffed. Not surprisingly, the Employer seeks deletion of the requirement in LOU 58 requiring that it maintain a fixed number of maintenance positions.

The Union opposes elimination of the maintenance complement requirement found in LOU 58. According to the Union, removing this stipulation could lead to the loss of bargaining unit positions through attrition and/or through the increased use of contract employees by the Employer.

Recommendation #2

We have heard no compelling basis for requiring the Employer to maintain members of the workforce for which there is insufficient work. In our view, the requirement unduly restricts the Employer from determining the number of employees it requires to run its operation. We accept that eliminating the minimum staffing requirement in LOU 58 will lead to significant cost-savings and enhanced efficiencies for the Employer, and that to require the Employer to maintain an artificial and inflated number of employees makes little operational sense.

We therefore recommend that the paragraph containing the minimum staffing requirement be removed from LOU 58. In so recommending, we note various other provisions exist in the Collective Agreement preventing the Employer from contracting out work presently performed by the bargaining unit. The elimination of the minimum maintenance staffing requirement in no way enhances the Employer's ability to contract out this work. We therefore feel removal of this minimum staff requirement strikes the appropriate balance between operational efficiency and protection of bargaining unit integrity.

(d) Work Assignments – Mechanical Department – LOU 59

Summary of Parties' Positions

LOU 59 was first negotiated in 1968 and has been amended from time-to-time by the parties. This LOU sets out the work duties and activities of the various trade groups within the bargaining unit.

The Employer views LOU 59 as an impediment to the efficiency of its operations. In its view, LOU 59 restricts its ability to assign work amongst the bargaining unit. In the Employer's view, LOU 59 silos work and inhibits its ability to assign duties such as minor preventative maintenance, shoveling or changing lightbulbs to members of the bargaining unit in a broader and more flexible manner. In particular, the Employer points to what it characterizes as significant operational improvements and cost-savings achieved during the labour disruption which it attributes to the greater flexibility it presently enjoys without the Collective Agreement in place.

The Union does not view LOU 59 as restricting the Employer to the extent asserted by the Employer. Indeed, the Union indicated at various points throughout mediation that it is agreeable to having bargaining unit members

perform more diversified work providing this work is performed in a safe manner and does not properly fall within the core duties of a certified trade. In fact, the undisputed information before us is that the Union's members previously performed work outside the strict scope of their positions under the existing language, however the Employer directed employees away from this practice due to concerns about the quality of work.

Recommendation #3

From the material before us, we are of the view that the Employer has made a compelling case for the removal of LOU 59.

The Union does not dispute that the assignment of broader duties to bargaining unit employees may be of benefit to the Employer. In fact, the Union provided us with several historical examples of employees performing many of the same tasks outside the core duties of their positions the Employer presently seeks flexibility in assigning.

It appears evident that operational efficiencies can be achieved through providing the Employer greater flexibility in the assignment of work to bargaining unit members. As LOU 59 is viewed as an undue impediment to this practice, we recommend its removal from the Collective Agreement.

(e) Article 2 – Union Recognition

Summary of Parties' Positions

In tandem with the elimination of LOU 59, the Employer seeks removal of the limitation found in Article 2 on its ability to assign work customarily performed by employees covered by the Collective Agreement to other

employees. Specifically, the Employer proposes to strike words from the provision as follows:

> No work customarily performed by an employee covered by this Agreement shall be performed ~~by another employees of the Co-Operative~~ or by a contractor, except as provided herein.

The Employer views this language as further restricting its flexibility to assign work within the bargaining unit.

The Union's position, however, is that the change sought by the Employer would "pave the way for out-of-scope employees to perform tasks only specific skilled operators and tradespeople are qualified to do." It opposes any change to Article 2.

Recommendation #4

In light of our recommendations on LOUs 58 and 59, we are not persuaded there is a demonstrated need to change the provisions of Article 2. We therefore recommend no change to this Article.

(f) Exclusion of Master Operator Position

Summary of the Parties' Positions

The Employer proposes to eliminate the Master Operator (MO) position from the bargaining unit and to shift the duties of this position to an out-of-scope supervisory position. Master Operators are responsible for informal supervision and verification tasks including monitoring of in-scope team members' work amongst other duties. The Employer indicates that since the labour dispute began, it has maintained operation of the facility with 63 fewer

full-time operating staff. It is stated that these efficiencies have, in large part, been achieved by eliminating the "role duplication" of the MO and Management Shift Supervisor positions.

The Union objects to the Employer's proposal to remove the MO classification from its bargaining unit. It argues to do so would "blur the line" between supervisory and operational duties and argues that maintaining the distinction between processing supervisors and MOs is "vital for maintaining a safe work environment."

Recommendation #5

With the submissions before us, we are not persuaded that the elimination of the bargaining unit MO classification is necessary nor warranted at this time. In so finding, we observe this matter may be brought before the Labour Relations Board if conditions support such an application.

(g) Pension

Summary of Parties' Positions

As previously noted, the most contentious issue in this dispute is the Employer's proposal on pensions.

Over a number of decades, the parties have bargained a Defined Benefits Plan ("DB Plan") which is fully-funded by Employer contributions. At present, the Employer is paying approximately 23% of each bargaining unit employees' gross annual earnings to meet its obligation to fund the DB Plan.

In the previous round of collective bargaining, the parties agreed to have new employees join and jointly fund a Defined Contribution Plan (DC Plan).

Under the DC Plan, the Employer makes a 6% pension contribution for each employee, and employees contribute up to 4% of the earnings at their sole discretion. The Employer is required to match employee contributions for a total combined contribution of up to 14% of employees' annual earnings.

As well, in the last round of negotiations, the parties agreed that current members of the bargaining unit could convert from the DB Plan to the DC Plan. As an incentive to do so, the Employer offered to pay a retirement allowance to employees who made the switch between plans. According to the Employer, the retirement allowance was meant to compensate employees transitioning into the DC Plan for loss of the bridging benefit available under the DB Plan. All of the Employer's excluded employees were moved by the Employer into the DC Plan.

The Employer's initial proposal in the current set of negotiations was to move all employees presently enrolled in the DB Plan into the DC Plan with the retirement allowance payable to all employees when they reach their unreduced retirement date. Just prior to the lockout, the Employer made a proposal that would allow employees to remain in the DB Plan with the following changes:

- Employee contributions of 11% as of June 30, 2020
- Elimination of indexing on post June 30, 2020 service and 75% of CPI capped at a maximum of 3% for pre-July 2020 service (current provisions include a 5% cap)
- Moving the accrual rate from the current 2.0%, to 1.75% of final average earnings with no pension reduction at age 65 for CPP benefits as is currently in the Plan

In our first exploratory talks with the parties, the Employer amended the above proposal by proposing an accrual rate of 1.8%.

The Union rejects the Employer's proposed changes to the DB Plan, which it views as overly concessionary and burdensome on its members. Its position is that the changes proposed by the Employer would effectively mean employees in the DB Plan would be responsible for shouldering pension contributions at 17.51% of their annual earnings, whereas the Employer would be responsible for only about 5.87% of pensionable earnings.

During the meetings with the special mediators, the Union tabled a proposal that would largely preserve the DB Plan for members who are currently enrolled in this Plan and which it believes addresses the Employer's concerns regarding uncertainty and magnitude of future costs arising from the DB Plan. As previously indicated, the Union's proposal is to merge the current DB Plan into an established plan within the Pulp and Paper Industry. The Pulp and Paper Industry Plan (PPIP) is administered by a Board of Trustees comprised of six union representatives and three employer representatives selected from amongst those covered by the PPIP.

The features of the Union's proposal are detailed in its submission and may be succinctly summarized as follows:

- The immediate transfer of bargaining unit employees presently enrolled in both the DC and DB Plans into the PPIP;
- Employer contributions of 10% for employees presently in the DC Plan and employee contributions of 8% for these employees;
- Employer contribution of 20% for employees presently enrolled in the DB Plan, and employee contributions of 4% for these employees;
- Employer no longer responsible for any pension liabilities beyond Employer contributions

The Employer rejected the Union's proposal to merge the DB Plan with the existing PPIP for reasons set out in its submission. Specifically, the

Employer objects to the 20% contributions proposed for employees presently in the DB Plan. It asserts this is double the rate any of its competitors are paying in employer pension contributions. Further, the Employer states the Union's proposal leaves "great uncertainty" around the pension merger and posits that to "kick the can down the road" in this manner leaves open the prospect of a near future labour dispute. The Employer also objects to the fact that the Union's proposal would take the pension outside of its control and leave future retirement benefits and the amount of employee contributions "uncertain".

Recommendation #6

Given the wide gulf between the difference in the parties' positions on the DB Plan, and having reviewed comparable pension plans within the refining industry (and in accordance with section (d) of our terms of reference), we recommend the following changes to the DB Plan:

1. Effective on ratification, employees enrolled in the DB Plan will commence contributing 4% of final average earnings as employee contributions into the DB Plan.

2. As of February 1, 2022, members of the DB Plan will commence contributing 8% of final average earnings as employee contributions into the DB Plan.

3. The accrual rate be maintained at 2% of final average earnings with no CPP-related reduction applied at age 65 as presently exists in the DB Plan.

4. No indexation on post June 30, 2020 service and CPI capped at a maximum of 2% for pre-July 1, 2020 service.

In addition to the above, we also recommend that employees who choose to move from the DB Plan to the DC Plan over the term of the renewed Collective Agreement be eligible for the Employer's early retirement allowance as proposed in bargaining.

With respect to the Union's proposal to merge the current DB Plan and members in the DC Plan into the PPIP, we believe this proposal has merit. The PPIP was created some four decades ago and by all accounts has served its constituents well.

Balancing the Employer's need for cost-savings and greater certainty with respect to future pension costs against the Union's desire to preserve pension benefits for its members, we are of the view that the parties ought to seriously explore the Union's proposal during the term of the Collective Agreement with the assistance of their respective actuaries. To that end, we recommend the parties establish a joint committee to review whether cost savings can be realized by the Employer in the event bargaining unit members were transferred to a separate plan with comparable pension benefits.

In our view, merging bargaining unit employee pensions with the PPIP would provide the cost savings and financial certainty the Employer seeks and pose little risk in terms of future diminished benefits or increased employee contributions. There is no evidence that either has occurred in the over four decades the PPIP has existed.

(h) LOU 32 – Employee Savings Plan

Summary of Parties' Positions

The Employer proposes to eliminate the Employee Savings Plan found in LOU 32 of the Collective Agreement, which the parties added to the Collective Agreement in 1979. Under the terms of the Savings Plan, employees may contribute up to 6.5% of their yearly earnings into the Plan and the Employer will equally match employee contributions.

The Employer asserts the Savings Plan was devised to supplement what was at the time an industry lagging DB Pension Plan. It argues the Savings Plan is no longer necessary now that the DB Plan has far-outpaced industry standards. The Employer notes that employees are not utilizing the Savings Plan to augment their retirement income. Instead, they are regularly withdrawing funds from the Plan simply to augment their discretionary spending.

As previously cited, the Employer proposes to implement a "Performance Plan" under which an employee may earn a payout of 6% of annual gross base earnings when performance targets are met, and up to 9% on earnings if performance targets are exceeded. Under the Employer's proposal, the Performance Plan will be administered at its sole discretion.

The Union opposes the Employer's proposal to eliminate the Employee Savings Plan. It notes that approximately 90% of its membership currently receive the maximum matched contribution from the Employer. The Union consequently views the Employer's proposal as amounting to a 6.5% wage cut.

Recommendation #7

Acting within our terms of reference, and having reviewed comparable agreements in the refining industry, we find that savings plans are a common feature within the industry. Indeed, approximately half of energy sector bargaining units – including Imperial Oil, Suncor, Spectre Energy, Enbridge, and Chevron – have some type of savings plan available to employees. Consequently, we recommend no changes to LOU 32.

(i) Other Outstanding Issues

Article 16 – Classifications, Wage Rates and Hours of Work

The Employer seeks to amend Article 16 by adding in a management right to modify shifts upon providing two (2) weeks' notice. At present, such alteration of employees' schedules requires agreement from the Union.

The Employer explained this change is sought predominantly with respect to its annual "turn-around" period. According to the Employer, this proposal is "not inconsistent" with competitors – some of which have the right to alter schedules for regular operations upon providing 14 days' notice.

The Union's position is that it has always been reasonable and flexible with respect to temporary changes to employee schedules when sought by the Employer in respect of the "turn-around" period.

Other than the Employer's desire for unilateral decision-making power, we heard no basis for recommending the change sought by the Employer. We therefore respectfully decline to recommend this proposal.

Article 15 and LOUs 30 and 31 – Employee Benefits

The parties are mostly in agreement regarding changes to employees' benefits and have agreed to language arising from the National Pattern.

One proposal not addressed in the National Pattern is the Employer's proposal to amend LOU 31 so that an employee does not receive greater base pay while receiving Workers' Compensation benefits than they would have received at work by deleting paragraph (b).

We see no compelling reason to alter the existing language found in LOU 31 and consequently decline to recommend the change proposed by the Employer.

A further point of contention between the parties is the Employer's proposal that life insurance benefits be calculated at 2.5x annual salary for all members, irrespective of the number of dependents. The Union says this change will lower the benefit for a significant proportion of its membership.

In the absence of further information, we decline to recommend any changes to the manner life insurance benefits are calculated.

LOU 2 – Steam Ticket Premiums

The parties have agreed to make the following changes to LOU 2:

The Company to make a one-time payment for employees in the boilerhouse who achieve a 1st class steam ticket. The amount will be determined by the Company based on business need, will be re-evaluated from time to time, and may change. Currently, the payment will be $4,000.00. This payment will not be included in the Collective Agreement or Letters of Understanding. Employees who receive this payment will also be eligible for the 2nd class steam ticket premium as set out below.

Effective date of ratification, the Company to introduce the following steam ticket premiums:

A) For employees who hold a 3rd class steam ticket only when such a ticket is required in their position - $0.50/hour; or

B) For employees in the boilerhouse who hold a 2nd class steam ticket only when such a ticket is required in their position – $0.75/hr. Such an employee does not also receive the $0.50/hour premium paid to eligible employees with a 3rd class steam ticket.

Steam Ticket Hourly Steam Ticket Premium
1st Class Ticket $0.75 (maintained from 2nd class)
2nd Class Ticket $0.75
3rd Class Ticket $0.50

The only area of contention between the parties in respect to LOU 2 is the Company's proposal to delete the one time premium of $1,500 for employees who obtain a 3rd Class Steam Ticket during their employment with the Employer. The Union opposes removal of this premium.

We heard no compelling reason to recommend removal of the 3rd Class Steam Ticket premium and therefore recommend it remain in LOU 2.

(j) Orderly Return to Work – Recommendation #8

We recommend an orderly return to work for all presently locked out employees. In the event there are any issues arising out of this Recommendation, such issues are to be referred back to the special mediators for a final and binding decision.

V. CONCLUSION

Our recommendations with respect to the pension plan and operational efficiencies sought by the Employer go a long way to meeting the cost savings and efficiency targets sought by the Employer in bargaining. Put bluntly, implementation of our recommendations would result in significant cost savings for the Employer.

We view these recommendations as representing an appropriate compromise basis for a renewed Collective Agreement. Our recommendations fit squarely within the terms of reference provided to us by the Honourable Minister of Labour and Workplace Safety and, in our view, appropriately

balance the interests of the parties. Specifically, we note section (e) of our terms of reference directs us to consider "the general impact and consequences the current labour dispute is having on all concerned interests." There can be little doubt this dispute is having a significant negative impact on locked out employees, the Co-operative retail system throughout Western Canada, and the residents of the Province. If the dispute is not ended in a timely way, it will continue to have an increasingly detrimental effect on the agricultural community and the population more broadly that relies on the refinery for fuel.

We anticipate the parties will view our Report in this light and adopt the recommendations so as to bring the current labour dispute to an end. We therefore recommend the recommendations be submitted to a vote of the Union's membership and the appropriate principal(s) of the Company within five (5) days of the date of these recommendations so as to determine acceptance or rejection, and that the parties each notify the special mediators and the Honourable Minister of Labour and Workplace Safety of the outcome of this consultative process.

We confirm that all provisions of the expired Collective Agreement, save and except those modified or deleted by these recommendations, shall be incorporated into the new Collective Agreement. Further, we recommend that any proposals not specifically addressed in this Report be considered withdrawn.

It only remains for us to thank the respective bargaining committees for their detailed and thorough submissions and their candor and cooperation throughout these proceedings.

Dated at the City of Vancouver in the Province of British Columbia this 19th day of March, 2020.

Vincent L. Ready

Amanda Rogers

SUMMARY OF RECOMMENDATIONS

1. That all language previously agreed to by the parties be included in the Collective Agreement including the language arising from the National Pattern between Unifor and certain refineries as detailed under Recommendation #1 and the changes summarized in Appendix A.

2. The paragraph outlining the minimum staffing requirement be removed from LOU 58.

3. LOU 59 be deleted from the Collective Agreement in its entirety.

4. No change to Article 2.

5. No elimination of the Master Operator classification from the Collective Agreement.

6. Changes to the existing DB Plan as detailed in the Report, and that the parties commit to seriously exploring the Union's proposal to merge bargaining unit members' pensions into the existing PIPP. Further, we recommend the Employer provide the retiring allowance to employees who elect to move from the DB Plan to the DC Plan for the term of the Collective Agreement.

7. No changes to LOU 32.

8. The parties commit to an orderly return to work for members of the bargaining unit as outlined in Recommendation #8.

9. The parties submit these recommendations to their respective principals so as to determine acceptance or rejection within five (5) days of our Report

10. Any proposals not specifically addressed in this Report be considered withdrawn.