



This is the 1st Affidavit of Paul Zarry
and was made on March 6th, 2012

No. S-120712
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
RSC 1985, c. C -36, AS AMENDED

AND:

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*,
RSC 1985, c. C-44

AND:

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
SBC 2002, c.-57

:AND

IN THE MATTER OF CATALYST PAPER CORPORATION AND
THE PETITIONERS LISTED IN SCHEDULE "A"

PETITIONERS

COMMUNICATIONS, ENERGY AND PAPERWORKERS' UNION,
LOCALS 1, 76, 592, 630, 686, 1123 AND 1132

RESPONDENTS

PULP, PAPER AND WOODWORKERS' OF CANADA, LOCAL 2

RESPONDENT

AFFIDAVIT OF PAUL ZARRY

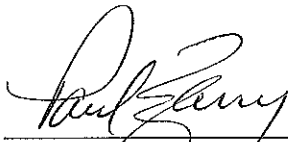
I, PAUL ZARRY, of the City of Crofton, in the Province of British Columbia, MAKE OATH AND SAY AS FOLLOWS:

1. I am the President of the Pulp, Paper and Woodworkers' of Canada, Local 2 ("Local 2"), which is one of the unions certified to represent employees at Catalyst's Crofton mill.
2. Local 2 is a trade union within the meaning of that term under the *Labour Relations Code of British Columbia*, RSBC 1996, c. 244, as amended.
3. Pursuant to its authority under the *Code* to bargain on behalf of its members, Local 2 has negotiated certain provisions in its collective agreement providing certain health and welfare and pension benefits to members upon their retirement who are at that point no longer employees of the Petitioners (the "PPWC Retirees").
4. Generally speaking, these provisions are the following:
 - (a) "Bridging" benefits in which the Petitioner provides payments to the PPWC Retirees who retire earlier than age 65. These benefits "bridge" the employee from the date of their retirement until they begin receiving benefits from the industry pension plan upon reaching the age of 65. "Bridging" benefits are provided for pursuant to Article XVI, Section 4 of the collective agreement, a copy of which is attached hereto as Exhibit "A";
 - (b) Extended health benefits in the form of the payment of extended health premiums by the Petitioners which enable the PPWC Retirees to obtain extended health, dental, life insurance, and similar benefits. The extended health premiums are provided for pursuant to Article XV, Section 6 of the collective agreement, a copy of which is attached hereto as Exhibit "B"; and
 - (c) The payment of MSP premiums on behalf of the PPWC Retirees by the Petitioners. The payment of these premiums is also provided for pursuant to Article XV, Section 6 of the collective agreement.
5. In addition to the above, there are also certain PPWC Retirees who are entitled to benefits pursuant to the trust plan known as "Plan A". This trust plan was referred to at paragraphs 71 and 76 to the 1st Affidavit of Brian Baarda, sworn January 31, 2012. There are former employees who were members of Local 2 who are receiving pension payments or "Top-Up" payments pursuant to Plan A. The "Top Up" payments are in addition to those received under the industry pension plan. The pension payments made under Plan A are because the persons became eligible for those benefits for service prior to the creation of the industry pension plan in 1975.
6. PPWC Retirees are considered honorary members of Local 2. They are allowed to attend and participate in meetings, but do not have the right to vote or hold office.


The power to grant retirees honorary membership is set out in Section 147(c) of the PPWC National Union Constitution, a copy which is attached hereto as "Exhibit C".

- 7. Local 2 wishes to represent the PPWC Retirees even though they may not have any legal obligation to do so. No other party has indicated to the Court that it wishes to represent the Retirees.
- 8. I have been provided with a summary of information with respect to the PPWC Retirees by the Petitioners. That summary is attached hereto as Exhibit "D". There are over 500 persons who I have referred to as "PPWC Retirees".
- 9. I swear this Affidavit in support of the Application of the Local 2 to be appointed as representative of the PPWC Retirees, and for no improper purpose.

SWORN BEFORE ME in the City of Vancouver)
 in the Province of British Columbia, on)
 March 6th, 2012.)
)
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 PAUL ZARRY

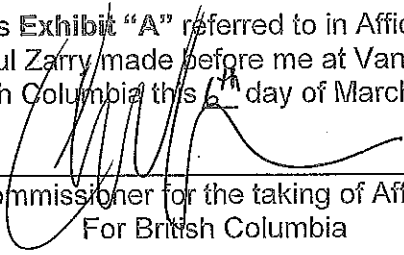


 A Commissioner for taking Affidavits
 for British Columbia

CHRISTOPHER MISURA
Barrister & Solicitor
 510-2695 GRANVILLE STREET
 VANCOUVER, B.C. V6H 3H4
 TEL: 604-734-8001, FAX: 604-734-8004

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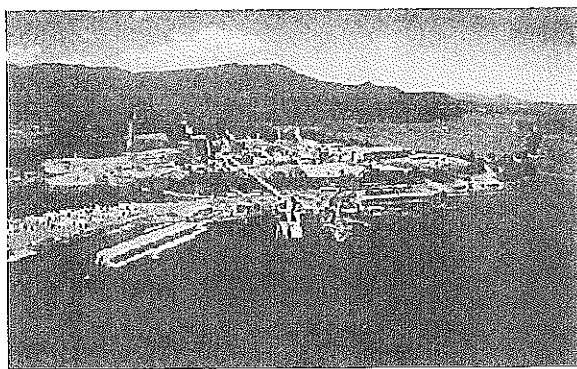
This is Exhibit "A" referred to in Affidavit #1
of Paul Zarry made before me at Vancouver,
British Columbia this 6th day of March 2012.




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For British Columbia

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LABOUR AGREEMENT 2008-2012



BETWEEN

Catalyst  **Crofton Division**

AND



**PULP, PAPER AND WOODWORKERS
OF CANADA
LOCAL 2**

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**CROFTON LABOUR AGREEMENT
2008 - 2012**

This AGREEMENT made this 28th day of November 2008

Between:

Catalyst Paper – Crofton Division

(hereinafter referred to as the Company)

PARTY OF THE FIRST PART

- AND -

Pulp, Paper and Woodworkers of Canada, Local 2

(hereinafter referred to as the Union)

PARTY OF THE SECOND PART

Witnesseth

they empowered to deal with matters properly handled through the Adjustment of Complaints Procedure of this agreement, or matters that are properly dealt with through collective bargaining.

Should any conflict arise between the terms of the contract or contracts issued by the underwriter or underwriters and the terms of the Plan, the terms of the Plan shall prevail.

Section 5: Portability

The Plan will be on a trustee basis and the Company recognizes the portability of the Plan. Therefore, there will be no further waiting period for qualified employees who have joined the Company from another employer who is a member of the Plan.

Section 6: Retired Employee Benefits

The Company agrees to provide, effective the 1st of the month following ratification of a new Joint Labour Agreement and for the continuous period through to and including three months following the expiration of that agreement, for employees who have previously retired from active service or who will retire from active service in Local 2, P.P.W.C. at Crofton, the following coverage for them and their spouse and eligible dependents at retirement:

- a) Full premium payment for the B.C. Medical Plan. It is understood that the employee may be eligible for a premium subsidy if qualified.
 - b) Full premium payment for the basic Extended Health Benefits Plan.
- The Retiree Extended Health Benefits Lifetime maximum is \$30,000.

ARTICLE XVI - PENSION PLAN

Section 1: The Plan

The Company agrees to contribute to a Pension Plan which will be established pursuant to the general principles set forth in the Pension Plan Summary dated December 6, 1975, and the Letter of Introduction of a New Plan to be effective January 1, 1997.

Section 2: Contributions

The contribution levels will be as follows:

24

The Company contribution level will remain at 10% for the duration of the agreement.

January 1, 2004	Employee 4.5%
January 1, 2005	Employee 6%
January 1, 2006	Employee 7%
January 1, 2007	Employee 8%

The Company agrees to instruct the employer trustees of the Pension Plan to delete any reference to a \$40 minimum for employees who engaged in the 1997-1998 strike and replace it with "the plan minimum".

Section 3: Board of Trustees

A Board of Trustees will be established pursuant to the Pension Plan Summary dated December 6, 1975, to administer the said Plan. Effective May 1, 2003, the Board will consist of three (3) elected trustees of the PPWC, three (3) appointed trustees of the CEP and three (3) appointed trustees of the member employers.

Section 4: Bridge Benefit

There will be available a Term Annuity Benefit which will be funded by the Company in a manner of its own selection.

This benefit will be available to those employees who request it and who choose to retire early from active employment commencing at age 60 and up to, but not including, age 65. The Company shall provide a pension bridge annuity of twenty dollars (\$20) per month, per year of service to employees aged sixty (60) or older who retire prior to attaining age sixty five (65). The calculation of the pension bridge benefit shall be credited on the same basis as under the terms and conditions of the Pulp and Paper Pension Plan.

Payments under this provision will cease at the end of the month immediately preceding the month in which the employee who selects to retire early under this provision attains age 65 or dies, whichever occurs first. Should an employee return to work after commencement of this provision, the payment will be handled on the same basis as the pension benefit is handled under the terms of Section 18 of the Plan Text.

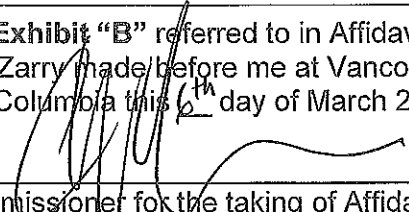
An employee who chooses to retire at age fifty-five (55) or later shall have access to the bridging benefit paid by the Company when they reach age sixty (60).

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This is **Exhibit "B"** referred to in Affidavit #1
of Paul Zarry made before me at Vancouver,
British Columbia this 6th day of March 2012.



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For British Columbia

Holidays, and after completing forty (40) years of continuous service employees shall be granted five (5) Special (Personal) Floating Holidays, each contract year.

- b) After completing twenty (20) years of continuous service an employee may elect to take their Supplementary Special Floating Holidays in one, two, three, four or five-week periods, depending on entitlement. In order to do so the employee must advise the Company in writing of their election in advance for each five (5)-year period. They will be immediately entitled at the start of each five (5)-year period to the number of days that would normally accrue to their credit during the said five (5)-year period. If an employee elects to take their Supplementary Special Floating Holidays in full week periods they may be taken in conjunction with the regular vacation to which the employee is entitled provided such regular vacation is not scheduled to be taken during the months of July or August, in which event the Supplementary Holiday shall be taken at a time to be agreed upon by the Company and the employee.

Section 4: Rate for Holiday Work

If an employee is required to work on the special holidays provided under Section 1, 2 and 3 above, after a definite date has been designated for such holidays, the employee shall be paid overtime for such work at the rate specified in the Agreement.

Section 5: Holiday Pay

In addition to any other compensation earned, an employee entitled to the special holidays provided under Sections 1, 2 and 3 above will be granted eight (8) hours' pay on the straight time rate of their regular job for each such holiday.

Section 6: Credit for Time Lost

Time lost as the result of an accident as recognized by WorkSafeBC, suffered during the course of employment, shall be considered as time worked for the purpose of qualifying for the special holidays provided under Sections 1, 2 and 3 above, it being understood that the employee will only be entitled to this credit for time while on WorkSafeBC compensation for a period of up to but not exceeding one (1) year from the date of their accident or injury.

Section 7: Service Period

For the purpose of determining eligibility for the special holidays provided under Sections 1, 2 and 3 above, an employee's service shall be calculated from the date of their joining the Company.

Section 8: Partial Entitlement

At retirement or termination from the Company, an employee shall be entitled to pay for Supplementary Special (Personal) Floating Holidays earned by completion of one or more five (5) year periods of service, but not taken, and to that portion of Supplementary Special (Personal) Floating Holiday pay proportionate to the number of years of service completed subsequent to their last five (5) year entitlement period.

ARTICLE XV - WELFARE PLAN

Section 1: Plan

It is agreed that a Health and Welfare Plan will be established based on the principles set out in this Article and Exhibit "B".

Section 2: Board of Trustees

A Board of Trustees will be constituted composed of two (2) members representing the Pulp, Paper and Woodworkers of Canada and two (2) members representing the companies which are plan members, to be responsible for the selection of the underwriter or underwriters and the administration of the Plan.

Section 3: Interpretation

The Board of Trustees will decide all questions arising on matters of operation, administration and interpretation of the Plan and their decision will be binding on both parties.

Section 4: Umpire

Where a dispute is irresolvable by the Board of Trustees, it shall be submitted to an umpire whose decision will be binding on both parties. The umpire shall be mutually acceptable and be experienced in the group insurance field.

Notwithstanding the above, an umpire shall not decide on matters affecting the overall cost of the Plan and benefits it provides, nor are

they empowered to deal with matters properly handled through the Adjustment of Complaints Procedure of this agreement, or matters that are properly dealt with through collective bargaining.

Should any conflict arise between the terms of the contract or contracts issued by the underwriter or underwriters and the terms of the Plan, the terms of the Plan shall prevail.

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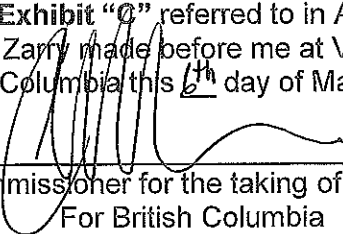
An employee who chooses to retire at age fifty-five (55) or later shall have access to the bridging benefit paid by the Company when they reach age sixty (60).

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This is **Exhibit "C"** referred to in Affidavit #1
of Paul Zarr, made before me at Vancouver,
British Columbia this 6th day of March 2012.



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For British Columbia

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PULP, PAPER AND
WOODWORKERS OF CANADA

NATIONAL UNION



**CONSTITUTION
AND
POLICY STATEMENTS**

smaller units of the Local to deal with financial, by-law or policy matters. Multi-certification Locals shall address unit participation in their Local by-laws.

(b) A unit within a multi-certification Local Union shall have the right to draft working rules and policies to outline the operation of a unit within a Local Union. Such working rules and policies shall be approved by the Local Union and shall not be in conflict with the Local Union by-laws or the National Constitution.

DUES AND ASSESSMENTS

Section 147

(a) Dues become payable on the first day of each month, and a Local may, but is not obliged, to inform members of pending delinquency. Local Unions will have the right to determine the number of working hours performed prior to the payment of union dues.

(b) Any member who does not pay his/her dues, fines or assessments is, at midnight of the 60th day following the day such dues, fines or assessments become due or payable, automatically suspended from membership. While under suspension, a member forfeits all rights, benefits and privileges of any and all kind provided by the National Constitution or Local by-laws.

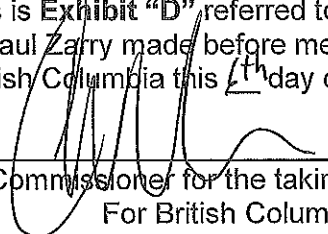
The foregoing does not apply to members of a unit prior to certification. A suspended member shall be reinstated upon payment of all monies owing plus a reinstatement fee of \$50.00.

(c) Local Unions may grant honorary membership to retiring members, who shall be allowed to attend and take part in meetings, without the right to vote or hold office.

The provisions of Section 148 do not apply to suspension under this section.

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This is Exhibit "D" referred to in Affidavit #1
of Paul Zarry made before me at Vancouver,
British Columbia this 2nd day of March 2012.



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Information is for Retired PPWC Members Only

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Benefit	Location	Annual Cost	# of EE's	Average Annual Cost / EE
Bridge*	Crofton	827,318	112	7,387
Extended Health**	Crofton	n/a	515	n/a
MSP***	Crofton	593,280	515	1,152

* Based on Feb 29th 2012 Bridging file from Connie Rudy Received Feb 17th , 2012

**Health Benefits are Managed by the PPWC Health & Welfare Trust and this information must be requested from them

***MSP Average cost per Retired EE is \$1,152 / Year - breakdown by location was not completed by group

	Annual Pension Amount	# of EE's	Average Annual Pension / EE	Minimum Annual Pension / EE	Maximum Annual Pension / EE
Norske Plan A - ****	81,775	60	1,363	214	2,774

**** There are approximately 60 members (out of 400) of Plan A who have not being identified yet as CEP, PPWC, or Salary at this time