



This is the 1st Affidavit of David Schaub
and was made on March 5, 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 DAVID SCHAUB
(Sworn March 5, 2012)

I, DAVID SCHAUB, of the City of Vancouver, in the Province of British Columbia, MAKE OATH
AND SAY AS FOLLOWS:

1. I am a National Representative with the Communications, Energy and Paperworkers' Union of Canada (the "CEP").
2. Part of my duties as National Representative of the CEP are to assist and represent the following Locals of the CEP that represent Catalyst employees: Locals 1 and 76 (Powell River); Locals 592 and 686 (Port Alberni); Locals 630 and 1123 (Campbell River); and Local 1132 (Crofton).
3. The Unions are all trade unions within the meaning of that term under the *Labour Relations Code of British Columbia*, RSBC 1996, c. 244, as amended.
4. Pursuant to their authority under the *Code* to bargain on behalf of their members, the Unions have negotiated certain provisions in their respective collective agreements 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 "CEP Retirees"). A copy of the collective agreement provisions respecting those benefits, for Local 76, is attached as Exhibit "A". The other collective agreements have similar provisions.
5. Generally speaking, these provisions are the following:
 - (a) "Bridging" benefits in which the Petitioner provides payments to the CEP 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;
 - (b) Extended health benefits in the form of the payment of extended health premiums by the Petitioners which enable the CEP Retirees and their spouses to obtain extended health, dental, life insurance, and similar benefits; and
 - (c) The payment of MSP premiums on behalf of the CEP Retirees and their spouses by the Petitioners.
6. In addition to the above, the Respondent Unions have from time to time negotiated "Top-Up" payments which are made to CEP Retirees and PPWC Retirees by the Petitioners above and beyond the payments that employees receive from the industry pension plan. These benefits are provided by the Petitioners pursuant to early retirement programs. They are separate agreements that do not appear in the collective agreements.
7. There are also certain CEP 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 the CEP who are receiving both pension payments and "Top-Up" (as that term is used above) payments pursuant to Plan A. The pension payments are made under Plan A because the persons became eligible for those benefits for service prior to the creation of the industry pension plan in 1975.

8. The CEP wishes to represent the 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.
9. I have been provided with a summary of information with respect to the CEP Retirees by the Petitioners. That summary is attached as Exhibit "B". There are over 1400 persons who I have referred to as "CEP Retirees".
10. I swear this Affidavit in support of the Application of the Unions to be appointed as representative of the CEP Retirees, and for no improper purpose.

SWORN BEFORE ME in the City of Vancouver
in the Province of British Columbia, on
March 5, 2012.



A Commissioner for taking Affidavits
for British Columbia



DAVID SCHAUB

DONALD W. BOBERT
Barrister & Solicitor
#660-1190 Melville Street
Vancouver, B.C.
V6E 3W1

2008-2012
Labour Agreement

between
CATALYST PAPER
POWELL RIVER DIVISION
and Local 76
of the
Communications,
Energy & Paperworkers
Union of Canada

This is Exhibit "A" referred to in the
affidavit of David Schaub
sworn before me at Vancouver BC
this 5th day of March, 2012



A Commissioner for taking Affidavits
for British Columbia

Effective May 1st, 1998 there shall be five (5) twelve hour special personal floating holidays provided to those employees who are defined as tour workers.

Employees who normally work a combination of 8 and 12 hour shifts will be paid as per the schedule for the week in which he/she takes a Floating Holiday.

Section 2: Qualifying Conditions

For each Special (Personal) Floating Holiday taken an employee will be granted eight (8) hours pay (12 hours for tour workers) on the straight time rate of the employee's regular job subject to the following:

- (a) A new employee must have been on the payroll for not less than ninety (90) days to qualify for his first Special (Personal) Floating Holiday and on the payroll for one hundred and eighty (180) days to qualify for his second, third, fourth and fifth Special (Personal) Floating Holidays.
- (b) Employees will not qualify for Special (Personal) Floating Holidays if on leave of absence of more than nine (9) months in the contract year except in the case of sickness or injury.
- (c) If an employee is required to work on any of these Special (Personal) Floating Holidays, after a definite date has been designated for such holidays, the employee shall be paid overtime for such work at the rate of time and one-half. The employee will then be entitled to take the said holiday or holidays with pay at a later date to be mutually agreed upon.
- (c) When the holiday is requested in writing seven (7) days in advance, the payment of overtime shall not be a factor in the granting of Personal Floating Holidays. The employee shall receive written notice of the disposition of his request a minimum of seventy-two (72) hours prior to the requested Personal Floating Holiday.

ARTICLE XIX - WELFARE PLAN

Section 1: The Plan

There shall be a Welfare Plan pursuant to the terms and conditions of Exhibit "C", which is attached hereto and forms part of this Agreement. Membership in the Plan for all eligible employees shall be a condition of employment on and after July 1, 1973.

Section 2: Joint Welfare Board

A Joint Welfare Board shall be established comprised of three (3) members appointed by the National Union and three (3) members appointed by the Pulp and Paper Employee Relations Forum.

The function of the Board will be to review the operations of the Plan. It will formulate and review uniform statistical reports to be supplied by the Company for the purpose of ensuring compliance with Exhibit "C". The Company agrees to furnish to the Board such statistical reports as the Board may require.

ARTICLE XX - PENSION PLAN

Section 1: The Plan

The Company agrees to contribute to the Pulp and Paper Industry Pension Trust Fund established pursuant to the Pulp and Paper Industry Pension Plan and the Pulp and Paper Industry Trust Agreement made effective July 1, 1975 and as amended from time to time.

Section 2: Contributions

The Company commits to the following with respect to the Pension Plan:

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

The Company agrees to allow employee contributions in excess of the current 3% level. Employee contributions will be in accordance with the schedule below:

Effective January 1, 2004	4.5%
Effective January 1, 2005	6.0%
Effective January 1, 2006	7.0%
Effective January 1, 2007	8.0%

The Union agrees to provide the Company with audited financial statements and actuarial valuations as per the plan.

Section 3: Bridge Benefit

(a)The Company shall provide employees with a pension bridge annuity of twenty dollars (\$20.00) per month per year of service at age sixty (60) or older who retire prior to attaining age sixty-five (65). The pension bridge benefit will not be payable beyond 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 & Paper Industry Pension Plan.

(b)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).

Section 4: Integration of Pension Bridge Benefit

The parties agree to refer the matter of integrating the bridge provisions into the Pulp & Paper Industry Pension Plan to the Board of Trustees for their review and consideration.

On the above issue, it is agreed that prior to the implementation of any change to the Pulp & Paper Industry Pension Plan or proceeding with the review, there must be unanimous approval of the nine (9) trustees.

Section 5: 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.

The Company agrees to the revised governance of the plan as proposed below:

- 3 Trustees appointed by the member employers
- 3 Trustees elected or appointed by the CEP

3 Trustees elected or appointed by the PPWC

Section 6: Existing Plan

It is recognized that some employees may exercise the option to remain in the existing Pension Plan which was provided for in the 1973-74 B.C. Standard Labour Agreement as Article XX, and Exhibit "E". This Plan will continue in respect of such employees and the Joint Union/Management Pension Committee provided for therein will continue to function as necessary.

ARTICLE XXI- SENIORITY

Section 1: Principles

(a) The Company recognizes the principles of seniority in their application to the promotion, demotion, transfer, lay-off, recall and permanent movement from day to shift positions of an employee, providing the employee has the qualifications and ability to perform the work.

In cases of permanent job transfers, it is not the Company's intent to give a junior employee preference over a senior employee on the basis that he has acquired experience by providing relief.

If an employee is moved out of a line of progression for any reason, the employer will not require retesting of the employee for him to return to that specific line of progression. No employee will be removed from the mill as the result of unilateral testing by the employer.

(b) The Company and the Union recognize that it is desirable to reduce the effect of layoffs on employees and at the same time continue to recognize mill seniority, job qualifications and the role of lines of progression, job seniority and departmental seniority.

(c) Arrangements to implement the above principles will be discussed by the Company and the Union.

Section 2: Probationary Period

Until an employee has been on the payroll of the Company for forty (40) calendar days, or until he/she has accumulated thirty (30) working days in a ninety (90) calendar day period, he/she shall be considered a probationary employee and shall have no rights under Article XXI with respect to seniority.

Section 3: Retention of Seniority

(a) Any employee, other than a probationary employee, whose employment ceases through no fault of his own, shall retain seniority and shall be recalled on the following basis:

(i) An employee with less than one (1) years continuous service shall retain these rights for six (6) months from the date of lay-off.

(ii) An employee with one (1) or more years continuous service shall retain these rights for eighteen (18) months from the date of lay-off, plus two (2) additional months for each years service up to an additional twenty four (24) months.

LETTER OF UNDERSTANDING

RETIREE EXTENDED HEALTH BENEFITS

It is agreed that a fund be established to address the issue of ensuring benefit coverage when the retiree or their spouse exceeds the Retiree Extended Health Care Benefit lifetime maximum of \$25,000.

Catalyst Paper agrees to contribute a yearly top up of up to \$100,000.00 into the common fund, for all CEP Locals of Catalyst Paper, to reach and maintain a minimum balance of \$400,000.00 in the fund. The top up payment will occur on May 1 of each year for the term of the Collective Agreement.

The Union will provide an audited financial report to the Company every year.

For the purpose of union administration of this fund, a committee comprised of one (1) representative from each Local Union and a representative from the CEP Western Region office shall meet following ratification of the Memorandum of Agreement to:

1. Select a fund administrator
2. Develop guidelines for Governance and Investment Issues

The guidelines for Governance and Investment Issues shall be completed within six (6) months following ratification. The Union shall be solely responsible for the governance and administration of this fund.

Dated this 19th day of December 2008.

For the Company

For the Union

Steve Bonifero
Sr. Vice President, Human Resources

MIKE FENTON
CEP NATIONAL REPRESENTATIVE

September 1, 2002

Mr. Mike Verdiel
CEP, Local 76
Powell River, BC

Dear Mr. Verdiel:

RE: Retiree Benefits

For employees who have retired from active service with the Local, the Company agrees to provide for the employees, their spouses and their dependents, the following:

- Full premium payment for the B.C. Medical Plan for the retired employee's and spouse's lifetimes.
- Full premium payment for a basic Extended Health Benefits Plan.

Brian Johnston
VP Powell River Division

Early Retirement and Severance:

To assist employees in their transition to retirement or new career, the parties agree to a mutually accepted financial value of \$4.2 M derived from the aforementioned changes and amendments to the collective agreement and the continued support of Local 76 through this transition. These funds will be applied to early retirement above the estimated severance cost of \$5.4 M for the reduction of 108 employees from a present membership of 279 members to a two machine operation of 171 members.

In addition to the funds made available for early retirement and severance, the parties agree to develop a system that ties business outcomes with the capacity to support further funding. This system will be based on predetermined measures of Divisional Profitability and Performance.

Measure		Threshold	Target	Weighting
EBITDA	\$/t	200	275	% of 75
Payout	\$/employee	0	10,000	
Safety	MIR	3.00	1.00	25%
Efficiency	%	85	90	25%
\$80/t	\$/t	90	80	50%

The Local will direct the administration of these funds to support the retirements and severances. The parties agree to discuss the timing, application and disbursement of these funds. The proceeds from the Divisional Profitability and Performance Matrix will be made available to the remaining members of the Local once all current members are either employed in a full time capacity or have left the company through the process defined by this agreement.

The Company and Union agree that seven (7) packages will be made available to members of Local 76 to complete the 118 packages negotiated January 2007 for the downsizing of 2007/2008.

The decision to implement the plan at any time during the life of the collective agreement is solely at the discretion of the company and any agreed-to changes to the collective agreement as part of this plan will only take effect on implementation of this plan, or as otherwise agreed to by the parties.

Packages: Subject to the availability of funds

- Enhanced retirement packages will be offered by mill seniority to all active Local 76 members who are age 55+ as of Apr 30, 2012.
- Packages will consist of:
 - contractual severance
 - unreduced pension
 - a bridge benefit payable until age 65
 - coverage under the Retiree Health Care Plan
 - financial and retirement planning assistance
- Employees who are eligible will have until March 31, 2009 to accept or decline the offered package. All employees who accept an early retirement package will

retire if already age 55+ by May 1, 2009 and those turning age 55 after will retire the month following their 55th birthday. The company and union will discuss any concerns around retirement dates and the training needs of the mill.

- After enhanced retirement packages have been offered, voluntary severance will be available to employees subject to the needs of the mill. Employees will have until April 3, 2009 to accept voluntary severance.
- All employees who accept voluntary severance will not work past April 30, 2009 unless agreed to by the Company and Union.

Further Avenues

The leadership of Local 76 commits, on behalf of its membership that it will continue to work with Catalyst Paper to approach all levels of government in an effort to gain a respectful exit for our members, at the same time looking for new and innovative ideas that will work to ensure the long term viability of the Powell River Division.

This could include but not limited to:

- Provincial Funding e.g. Forest Transition Money
- Federal Funding for Research and Development
- Provincial Power Initiatives
- Tax Initiatives

Local 76 is further committed to making Powell River a leader in total manufacturing cost in the paper industry.

Signed this 14th day of January, 2009.

For the Company, Catalyst Paper
(Powell River Division): S. Gibson, General Manager

For the Union, CEP Local 76: Mike Verdiel

Information is for Retired CEP Members Only

Benefit	Location	Annual Cost	# of EE's	Average Annual Cost / EE
Bridge*	ALBERNI BRIDGING RETIREES	807,390	104	7,763
Bridge*	CROFTON BRIDGING RETIREES	72,286	8	9,036
Bridge*	ELK FALLS BRIDGING RETIREES	713,390	93	7,671
Bridge*	POWELL BRIDGING RETIREES	1,758,458	214	8,217
	Bridge Benefit Total	3,351,525	419	7,999
Top-Up*	ALBERNI BRIDGING RETIREES	332,384	101	3,291
Top-Up*	ELK FALLS BRIDGING RETIREES	6,341	5	1,268
Top-Up*	POWELL BRIDGING RETIREES	1,086,028	197	5,513
	Top-Up Total	1,424,753	303	4,702
Extended Health**	Alberni	368,403	395	933
Extended Health**	Crofton	49,393	46	1,074
Extended Health**	Elk Falls	507,661	556	913
Extended Health**	Fibre Supply	4,874	5	975
Extended Health**	Mackenzie	15,402	20	770
Extended Health**	Powell River	470,440	452	1,041
	Extended Health Total	1,416,172	1,474	961
MSP***	Alberni	455,040	395	1,152
MSP***	Crofton	52,992	46	1,152
MSP***	Elk Falls	640,512	556	1,152
MSP***	Fibre Supply	5,760	5	1,152
MSP***	Mackenzie	23,040	20	1,152
MSP***	Powell River	520,704	452	1,152
	MSP Total	1,698,048	1,474	1,152

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


**Health Benefits are Jan 1 - Dec 31 2012 and do not include Administration (5.75%) & Pool Fees (1.86%) paid by Catalyst

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

Norske Plan A - Retired CEP Members****	Annual Pension Amount	# of EE's	Average Annual Pension / EE	Minimum Annual Pension / EE	Maximum Annual Pension / EE
	995,148	274	3,632	75	17,062

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

This is Exhibit "B" referred to in the affidavit of David Sebaub sworn before me at Vancouver, BC this 5th day of March, 2012.


A Commissioner for taking Affidavits
for British Columbia

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 DAVID SCHAUB
(Sworn March 5, 2012)

Donald W. Robert

ROGERS, ROBERT & BURTON, LAWYERS
707 – 1281 West Georgia Street
Vancouver, BC V6E 3J7
Ph: 604.681.5600