

LUMP SUM (LS) PAYMENT PROTOCOL; ADMINISTRATIVE GUIDELINES
2013-18 Collective Agreement (USW)
Lump Sum (LS) (\$1,000); July 1, 2015/2016/2017

CONIFER and the USW executed the following LOU on April 8, 2015. The purpose of the LOU was to outline the specific payment protocol to be applied to the Lump Sum (LS) \$1,000 payments to be processed July 1, 2015, 2016, and 2017 respectively.

It was also agreed to apply this protocol to Lump Sums payable following ratification of the 2018-23 Collective Agreement, as well as at July 1, 2020.

LETTER OF UNDERSTANDING
BETWEEN
COUNCIL ON NORTHERN INTERIOR FOREST EMPLOYMENT RELATIONS
(CONIFER), AND
USW LOCAL 1-424, AND LOCAL 1-425
LUMP SUM PAYMENT PROTOCOL

Preamble:

CONIFER and the USW executed and ratified a Memorandum of Agreement dated February 5, 2014 which outlined the terms of the 2013-18 collective agreement for listed member companies.

Item #2 of that MOA (wages) laid out the particulars of wage adjustments, lump sum payments, and content defining “Lump Sum Payment Eligibility”.

The parties have discussed that the direct application of “Lump Sum Payment Eligibility” will raise challenges around equity and fairness from the perspective of the USW membership.

Alternatively, the parties have discussed the notion of the application of the past practice lump sum payment protocol which has been utilized in the course of the CONIFER – USW bargaining history.

Consequently, the parties agree to the following protocol to replace the “Lump Sum Eligibility”. The following will provide the direct basis for the administration of the Lump Sum (LS) payments payable on July 1, of 2015, 2016, and 2017 respectively.

CONIFER – USW Lump Sum (LS) Administrative Guidelines
July 1: 2015, 2016, 2017.

- All active regular employees on the seniority list at July 1 each year will be eligible for the LS payment in accordance with these guidelines.
- Each active regular employee will have their employment history analyzed for the previous twelve (12) month period from July 1 to June 30 accordingly.
- A day worked in a given month during the twelve (12) month period will entitle the employee to 1/12th of the full LS payment.
- Any time absent on a WorkSafe Claim will be considered equivalent to time worked for the purpose of determination of a day worked in a given month.
- Any time on Vacation will be considered equivalent to time worked for the purpose of determination of a day worked in a given month.
- Any regular full time employee on a Leave of Absence at July 1 will be entitled to the LS payment upon return to work in accordance with the analytical process outlined above.
- Any Casual or Part Time employee will be entitled to a pro-rated amount of the full LS eligibility based on their percentage of full time hours, and in accordance with the analytical process outlined above.
- Employees in the probationary period as of July 1 in any given year are not eligible for the Lump Sum payment for that particular year.

Signed this 8th day of April, 2015

The following administrative guidelines are structured in a Q-A format. The content is based directly on traditional guidelines applicable in the USW-CONIFER bargaining history in regard to lump sum payments.

1. Do new employees receive a pro-rated portion of the LS payment for the relevant months worked in the previous year?

If an employee completed his/her probationary period prior to July 1, then time worked during previous year (July 1-June 30) would be eligible for LS payment calculation purposes. The underlying principle is that if an employee worked one day in a given month from July 1 to June 30th, then the employee is entitled to 1/12 of the LS payment.

Example: An employee is hired on April 1, 2015 and completes the probationary period in June, 2015. The employee would be entitled to 3/12's of the LS payment amount.

In accordance with the last bullet of the LOU, Employees in the probationary period as of July 1 in any given year are not eligible for the Lump Sum payment for that particular year.

This process and the analytical time frame apply to the Lump Sum payment at July 1, 2020.

The analytical time frame to determine the relative portion of the \$500 Lump Sum at ratification of the 2018-23 Collective Agreement is the 12 months prior to February 13, 2019.

2. Are employees that quit, retire or are terminated prior to July 1 of either 2015/16/17 eligible for the LS payment?

These former employees are NOT eligible for the LS payment. Bullet one of the LOU outlines that eligibility is for “active regular employees on the seniority list as of July 1 each year”.

This approach is applicable relative to the Lump Sum payment at July 1, 2020.

3. Do employees who were on WCB, WI, LTD for periods of time in the previous July 1-June 30th period qualify for the LS payment relative to that period?

Time off on WCB is to be considered as time worked for the purpose of LS payment eligibility analysis. Time on WI and/or LTD is NOT considered as time worked for LS payment eligibility purposes.

Example: Employee works nine (9) months in the previous July 1 – June 30, and spends three (3) months on weekly indemnity; employee would be entitled to 9/12's of the LS payment, or 75% of the payment.

The analytical time frame to determine eligibility for the \$500 Lump Sum at ratification of the 2018-23 Collective Agreement for an employee

returning to active status after ratification is the 12 months prior to February 13, 2019.

4. Are employees on call entitled to LS payment?

Keeping in mind that probationary employees are not entitled, employees who worked a day in a given month in the previous July 1 – June 30 are eligible for 1/12 of the LS payment relative to that month. Again, keep in mind also that time on WCB claims and regular vacation time are considered as time worked for LS payment eligibility purposes.

The analytical time frame to determine eligibility for the \$500 Lump Sum at ratification of the 2018-23 Collective Agreement for an employee returning to active status after ratification is the 12 months prior to February 13, 2019.

5. Do periods of time on extended vacation leaves, (i.e. 3 months in Australia) qualify for a LS payment?

Time on extended vacation leave is not to be considered as time worked for LS payment eligibility purposes. Only ‘regular’ vacation time is considered as time worked.

6. Do periods of time on a lengthy compassionate leave qualify for a LS payment?

Compassionate leave is not considered as time worked for LS payment eligibility analysis.

7. Do periods of time on parental leave or maternity leave qualify for a LS payment?

No. Leaves of this nature are not considered as time worked for LS payment eligibility analysis.

8. Will LS payments be considered as earnings relevant to vacation pay (i.e. % of wages) administration?

Yes, the LS payment is considered as part of “total wages and salary earned” for the purposes of vacation pay administration.

9. If an employee is on WCB, WI or some other LOA at the time of LS payment, would they have to return to work before being paid their LS based payment?

As per the sixth bullet in the LOU, any regular full time employee on a Leave of Absence at July 1 will be entitled to the LS payment upon return to work in accordance with the analytical process provided for in the LOU.

10. How is the payment calculated for a casual employee?

As per the second to last bullet of the LOU; Any Casual or Part Time employee will be entitled to a pro-rated amount of the full LS eligibility based on their percentage of full time hours, and in accordance with the analytical process outlined above (in the LOU).

Example: Casual employee, typically works one day/weekend, and on occasion works two days/weekend.

Said casual employee worked 496 hours from July 1-June 30th of the previous July 1 to June 30 period. This equates to 24% of full time hours. ($496/2080=24\%$) Hence, employee is entitled to \$240 as a LS payment ($\$1,000 \times 24\%$), contingent on working one day in a given month from July 1-June 30th as generating 1/12 of the \$240 entitlement. If employee works one day in every month; payment is \$240.

(For purpose of above analysis, any overtime hours worked by a casual employee should be included in the % of full time hours calculation.)

The analytical time frame to determine eligibility for the \$500 Lump Sum at ratification of the 2018-23 Collective Agreement for an employee returning to active status after ratification is the 12 months prior to February 13, 2019.

11. How should Companies process the payment from a payroll administrative point of view? I.e. Separate pay run? Added on to regular pay? Treated as a bonus or regular earnings?

The consensus was to leave this up to individual companies as per specific company policy and applicable payroll administration legal requirements.

It is CONIFER's suggestion to administer in a manner that mitigates any disenchantment in the workforce around the LS payment. More specifically, it is advisable, where reasonable and practical, to execute payment with a separate payroll process to ensure deductions are at an amount commensurate with regular earnings levels.