

*Travail, Emploi
et Solidarité sociale*

Québec



Secrétariat du Travail

RECOMMENDATION IN THE DISPUTE

ROLLS-ROYCE CANADA LIMITED

- and -

ROLLS-ROYCE CANADA WORKERS' UNION - CSN

Preamble

I was appointed by the Minister of Labour, Employment and Social Solidarity to act as mediator-conciliator in accordance with article 54 of the Labour Code (*R.L.Q., chapter C- 27.*). From February 2022, to date, I have held 11 conciliation sessions before joining the chief mediator-conciliator of the Montreal office, Mr. Mathieu Lebrun. Together we have held 7 conciliation sessions. During these conciliation sessions, I met with the committees of the union and management in joint and separate sessions.

When I arrived at the file, each of the parties presented me with the state of the situation, which allowed me to grasp all the respective issues.

On March 15, 2022, the employer called a lockout and the union called an unlimited general strike. Following two general meetings of its members, the union rejected both of the employer's offers on May 11 and July 24, 2022. The issues in dispute include the defined benefit pension plan, wages and the monetary package. The parties have been unable to reach agreement on the outstanding items, with a labour dispute that has continued for over 5 months.

The chief mediator-conciliator and I were able to see and appreciate the quality of the work executed by representatives of both parties.

In addition, despite the parties' best efforts, after conciliation sessions, we concluded that they were at an impasse regarding the renewal of their collective agreement.

Whereas the role of a conciliator is to assist the parties in reaching a mutually satisfactory settlement, the conciliator may, if he or she believes that an acceptable compromise could result in a settlement of the dispute, make a recommendation to the parties that takes into account the terms of reference and the context in which the conciliation is being conducted.

Based on the foregoing and our analysis of the record, we have decided, after prior notice to the parties, to submit a recommendation to:

- enable them to reach a negotiated settlement;
- to put an end to labour conflict and its negative effects on the work climate;
- ensure a return to work for employees and the sustainability of operations.

The Union has committed, in our presence and unanimously, at the August 23, 2022 meeting, to present this recommendation to the employees at its general meeting during the week of August 29. Consequently, the members of the Union Negotiating Committee agree that, in the current context, this recommendation, in the absence of an agreement in principle, is an acceptable compromise for the members in order to put an end to the conflict. The employer has committed to implement our recommendation if it is accepted by the majority of employees at the general meeting.

This recommendation does not constitute a judgment of any kind regarding the merits of the union's or the employer's positions. It constitutes an indivisible whole which cannot be amended, except of course in the case of technical error. It must therefore be considered as a whole and accepted or rejected in its entirety.

This recommendation deals with the remaining elements still in dispute. It is an outline and does not constitute a formal text of the agreement to be reached.

It incorporates all articles, letters of agreement and settled items in dispute relating to the renewal of the collective agreements as agreed to during the negotiation and conciliation sessions, subject to those items that are part of our final recommendation.

SETTLEMENT RECOMMENDATION

WHEREAS, this is a renewal of the collective agreement which expires on March 21, 2020;

WHEREAS, a general employee meeting is scheduled for the week of August 29, 2022;

WHEREAS, the conciliators have peremptorily summoned the parties on August 15, 16, 17 and 23, 2022, for conciliation sessions to make a final effort to reach a settlement;

WHEREAS there are still elements in dispute following the negotiation and conciliation sessions;

WE RECOMMEND THAT the parties agree to the following modifications to the issues addressed in conciliation and at the bargaining sessions with a view to reaching an agreement

MATTERS IN DISPUTE FOR WHICH WE RECOMMEND TO THE PARTIES :

6.02 Shift premium (was article 5.21)

An hourly premium in addition to the regular hourly rate will be paid to employees working on the second (2nd) and third (3rd) shifts as follows

Evening shift: **\$1.20/hour**

Night shift : **1.15/hour**

9.02 (f) Family Related Leave

An **employee** may be absent from work, without pay, for ten (10) days per year to fulfill obligations related to the care, health or education of the employee's child or spouse's child, or because of the health condition of the employee's spouse, father, mother, brother, sister or grandparent.

The first two (2) days taken annually are remunerated according to the calculation formula provided for in section 62 of the Standards Act, with the required adjustments in case of splitting. This right to paid days arises as soon as the employee can prove three (3) months of continuous service, even if previously absent.

Insurance

21.01 Payment of Premiums

The cost of the premiums will be shared between the employees and the Company as follows. Employee payments will be made by payroll deduction from each paycheck based on their type of coverage. Employees desiring single coverage will pay \$20.00 per pay and employees desiring family coverage will pay \$27.00 per pay. The Company will be responsible for all other required payments, including any increase in annual premiums due to consumption.

21.06.3 Dental Eligibility

(c) Orthodontic treatment shall be paid at seventy-five percent (75%) of the cost up to a lifetime maximum of **\$3,000.00** per employee and dependent.

21.06.6 Physiotherapy, osteopathy, naturopathy, acupuncture, nutritionist/dietitian services, and chiropractic treatment (was section 21.16).

The combined maximum coverage for osteopathy, **naturopathy, acupuncture, nutritionist/dietitian service** and chiropractic is as follows:

- **1,000.00** per employee and per dependent per year.

21.06.8 Services of psychologists, psychotherapists and social workers

The maximum coverage for the services of psychologists, psychotherapists and social workers is as follows:

- **1,000.00** per employee and per dependent per year.

21.08 Retiree Benefits (was Article 21.18).

The Parties acknowledge that the Company's Retiree Benefit Plan covers all former employees **of the Union of Workers of Rolls-Royce Canada Ltd. - CSN** who meet the eligibility requirements as described in the Plan.

The Company has closed the Plan to all new employees hired by the Company after^{er} March 1, 2020; therefore, these employees will not be eligible to join the Plan. However, these employees will receive, upon retirement and for no other reason, e.g. resignation, layoff, dismissal, a lump sum payment equivalent to \$750.00 per completed year of service.

It is understood that all employees hired before March 2, 2022 remain eligible to join the Plan.

Benefits under the Plan are governed by the terms and conditions contained in the insurer's policy, by which eligibility for such benefits is established.

The amount of life insurance for a retired employee is \$7,500.00.

For the term of the **2020-2028** collective agreement, the benefits provided will be those currently in effect, plus the following changes:

- Section **21.06.2** will be implemented for retirees and their dependents - a prescription card, mandatory generic substitution and prior authorization;
- Physiotherapy **or Physical Rehabilitation Therapy (P.R.T.)** - **one hundred percent (100%)** per treatment, maximum coverage of \$2,000.00 per retiree and per dependent per year and, exceptionally, up to \$5,000.00 with a medical certificate issued by the attending physician justifying the additional treatments;

- Medical Services - maximum of \$1,250.00 per retiree and dependent per year for laboratory tests; and maximum of \$1,000.00 per retiree and dependent per year for all ultrasounds, x-rays, electrocardiograms, mammograms, thermograms, magnetic resonance imaging (MRI) and computed tomography (CT) scans. **(STATU QUO)**.

21.08.1 Subsidy (was section 21.20)

Under the terms of this Collective Agreement, the Company shall pay annually to each retired employee aged sixty-five (65) and over and residing in Quebec an amount of **\$500.00** as a contribution towards the cost of enrolment in the public drug insurance plan.

23.00 PENSION PLANS

For the period from the expiry of the collective agreement to December 31, 2025, the conciliators recommend:

- **Maintaining the status quo for employees participating in the defined benefit plan.**
- **An employee participation to a retirement plan chosen by the STTRRC-CSN for employees contributing to Bâtirente or contributing to any other form of retirement vehicle (employees hired after March 24, 2013) allocated as follows:**

Employee contribution: 6% (eligible salary)

DRR Contribution: 10% (eligible salary)

For the period beginning January 1^{er} 2026, our recommendation is as follows:

- **Termination of accrual in the DB pension plan. The rights acquired in this plan prior to the cessation of accumulation remain (including the use of the "final salary" formula and the bridge benefit).**
- **Implementation of a pension plan chosen by the STTRRC-CSN in which all employees will participate as of January 1^{er} 2026.**
- **RRC contribution level will be 10% (eligible salary) and the employee contribution level will be 6% (eligible salary).**

- **The concept of "eligible salary/earning" and the terms and conditions for employee participation during an absence will be based on the rules currently applicable under the DB Plan.**
- **In order to avoid a termination of participation (within the meaning of the SPPA) of participants in the DB pension plan, the (2) pension plans (DB + New Plan) will be linked.**
- **As long as it has active members, RRC may not terminate the DB Plan without the written consent of the TNRCC, which consent may not be unreasonably withheld. For the purposes of this paragraph, an active member is defined as an employee with service in the DB pension plan who is accruing service in the new pension plan.**
- **Union paid releases for the Retirement Committee as required (with the understanding that the Employer will not unreasonably deny requests for releases).**
- **For clarification purposes, participation in the pension plan for a new employee begins once the probationary period is completed.**

24.05.1 Glasses and shoes

The Company provides safety glasses and prescription safety glasses free of charge within the parameters of company policy. The Company also provides safety shoes to employees who are required to wear them in the performance of their work once every (24) months, for a maximum amount of \$125.00 before taxes.

29.00 DURATION OF THE AGREEMENT

This collective agreement is effective retroactively on March **22, 2020** as follows:

The contract will be for a term of **eight (8)** years, with prescriptive articles effective on the date of ratification and salary changes based on the dates provided in the following table including benefits and salary articles. The only exceptions to this Article will be the work schedules specified in Article 5.02 effective upon the signing of the **2020-2028** Collective Agreement from the time the SAP system supports the change whether automatically or manually (see the **20162020** Collective Agreement in the interim).

Dates:	
First year:	from March 22, 2020 to March 20, 2021
Year Two:	March 21, 2021 to March 19, 2022
Third year:	March 20, 2022 to March 18, 2023
Fourth year:	from March 19, 2023 to March 23, 2024
Grade 5:	from March 24, 2024 to March 22, 2025
Grade 6:	from March 23, 2025 to March 23, 2026
Grade 7:	from March 24, 2026 to March 23, 2027
Grade 8:	from March 24, 2027 to March 23, 2028

Salary Increase:	
First year:	(0,00 %)
Year Two:	(4,00 %)
Third year:	(5,50 %)
Fourth year:	(3,50 %)
Grade 5:	(3,00 %)
Grade 6:	(3,00 %)
Grade 7:	(3,00 %)
Grade 8:	(3,00 %)

Within thirty (30) days of the signing of the new collective agreement, employees still employed will receive a bonus in the amount of five thousand five hundred dollars (\$5,500).

Attached is the return to work protocol agreed to by the parties following acceptance of our recommendation.

Conclusion

As stated in the preamble, this recommendation is not a judgment by the undersigned in favour of either party. We have sought, as honestly and objectively as possible, an acceptable compromise, in the context, to ensure industrial peace and continuity of operations at Rolls-Royce Canada Ltd. It is with this conviction that we invite you to accept this recommendation.

This recommendation will be presented to the respective principals of the parties. In the event that the General Assembly rejects our recommendation, it shall become null and void and shall not be subject to precedent.

We request that the parties keep the contents of this document confidential until it is presented to the respective principals and that they inform us without delay of their decisions.



Donald Tremblay
Mediator-Conciliator



Mathieu Lebrun
Chief Mediator-Conciliator