

COLLECTIVE AGREEMENT

BETWEEN

CAPE HARRISON MARINE LIMITED/COMTUG LIMITED,
hereinafter referred to as the "Company"

AND

FFAW/CAW, hereinafter referred to as the "Union".

RECEIVED
FEB 26 2003

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Article 1- General Purpose and Scope of this Agreement

- 1:01 The general purpose of this agreement is to support the mutual interests of both FFAW/CAW and Cape Harrison Marine Limited/ComTug Limited and its employees as it relates to the operation of firefighting and escort tugs owned by Newfoundland Marine Energy Limited.
- 1:02 This agreement provides for the Conditions of Service required to provide the most reliable operation of the tugs. It is the responsibility of both the Union and the Company and its employees to cooperate fully, individually and collectively to ensure the safety of the vessel's operations, environment and personnel, while retaining above average standards and good economic operations.
- 1:03 It is agreed and understood that this agreement does not in any way affect any of the Company's management, or any other party that may be on board the vessel at any given time.
- 1:04 For the purposes of this agreement, Permanent Employees are defined as being those employees who have completed the six (6) month probationary period and have accepted a full-time position with the Company.

Article 2 – Recognition

- 2:01 Cape Harrison Marine Limited/ComTug Limited recognizes the FFAW/CAW as the exclusive bargaining agent for all Unlicensed permanent employees with the Company on the vessels operated by the Company.
- 2:02 The Company shall not make any individual agreement with the employees directly or indirectly in conflict with the provisions of this Agreement.
- 2:03 The Company shall allow access to officials of the Union to the wharves and offices and vessels of the Company for the transaction of Union business. Union officials will be allowed access to the Company vessels only with the permission of the Company. It is understood that the presence of the Union officials at the wharves and offices or on the vessels must not interfere with the normal Company operations.
- 2:04 One member of the crew shall be permitted to act as vessel delegate in dealing with matters concerning the administration of the Agreement. The Union shall notify the Company of the name of each delegate. No delegate shall be disciplined for carrying out his duties in his capacity as a vessel delegate.

Article 3 – Union Membership

- 3:01 Upon hiring, the Captain shall inform the new employee of the existence of the Union and the name of his vessel delegate.
- 3:02 Membership in the Union shall be available to all employees eligible under the Constitution of the Union and membership shall not be denied for reason of race, sex, sexual orientation, national origin, color or religion.
- 3:03 Each employee covered by this Agreement must pay Union dues to the Union on a monthly basis. Union dues will also be deducted from new employees who have accumulated 7 working days with the Company. Union dues shall be deducted from the employees pay each pay period. All Union dues along with the appropriate form indicating from whom collections have been made will be forwarded to the Local Secretary-Treasurer not later than the 15th of the following month. The Union will provide the Company with the address of the Secretary-Treasurer.
- 3:04 The Local Secretary-Treasurer of the Union will notify in writing the amount of Union dues to be made from time to time. An employee shall not be permitted to revoke a signed authorization for such deductions during the term of this Agreement.
- 3:05 The Company will include on the employee's T-4 slip at the end of the year, the amount of Union dues deducted during the year.
- 3:06 The Company shall not discriminate against any Union member because of Union activities with the FFAW/CAW.

Article 4 – Company Rights

- 4:01 It is the exclusive function and right of the Company to maintain order, discipline, efficiency, hire, classify, terminate, transfer, promote, suspend, demote and discipline employees, provided that a claim of discriminatory promotion, demotion and transfer, or a claim that an employee has been disciplined or terminated without just cause, may be the subject of a grievance and dealt with as hereinafter provided.
- 4:02 It is the exclusive right of the Company to manage the enterprise in which the Company is engaged.
- 4:03 The Company may establish from time to time rules and regulations governing employees covered by this Agreement providing that such rules and regulations are not inconsistent with the provisions of the Agreement.
- 4:04 All management rights whether enumerated or otherwise, shall be reserved with management, except as specifically abridged by this agreement.

Article 5 – Safety and Health

- 5:01 The safe operations of the vessels at all times is of utmost importance to the Company. Any work necessary for the safety of the vessel, crew, cargo or tow or for the saving of other ships, lives or cargoes shall be performed at any time on immediate call by all employees.
- 5:02 All crew members shall participate as required in all safety related drills and meetings and comply fully with the Company's operations and safety manuals. At all times, crew members shall wear the required safety equipment and protective clothing for their work area on board the vessel. Failure to comply with the safety related directives is just cause for disciplinary action.
- 5:03 All crew members are required to report on board in a well-rested suitable condition ready for work at least two hours prior to their scheduled working period or prior to the vessel's scheduled sailing time. Failure to report as scheduled for service is grounds for dismissal.
- 5:04 A fully equipped first aid kit shall be supplied on each vessel in accordance with the recommendations of the Department of Transport. The vessel delegate shall be allowed to check the first aid kit at any time in the interests of the crew, and submit a list of replacements, if any, to the Captain.
- 5:05 A safety committee will be established by the employees. This committee shall meet on a regular basis as outlined in the (Safety Inspection Procedures) SIP calendars to discuss safety matters related to the vessels.
- 5:06 Any safety regulation which the Company may now have in force for the safety of the vessel or employees and any further regulations or amendments to existing regulations which the Company may put into effect during the term of this Agreement and which are brought to the attention of the employees shall be strictly adhered to by all employees. Such further regulations or amendments to existing regulations shall be discussed with the Union.

Article 6 – Drug and Alcohol Testing

6:01 The Union recognizes and agrees with the Company's Drug and Alcohol Policy.

Article 7 – Probationary Period

- 7:01 Employees with less than six (6) months' service shall be considered on probation and shall not be placed on the seniority list until he/she has completed their probationary period and then his/her seniority.
- 7:02 During the probationary period, the Company may terminate a probationary employee if, in the opinion of the Company, the employee would not be suitable for permanent employment.

Article 8 – Medical Fitness

8:01 Each crew member shall provide the Company with a proper medical certificate as prescribed by the Canada Shipping Act declaring the crew member as medically fit to perform his sea duties. Upon receipt of said certificate, the Company will grant the crew member right to employment with the Company. The employee shall arrange, pay for, and provide the Company with a certificate of fitness prior to the first sea duty.

Article 9 – Protective Clothing, Uniforms and Safety Equipment

9:01 To ensure the crew's safety while working on the vessel, the Company's policy is to provide permanent crew members with items of clothing and other safety equipment or an allowance for such items. Where the wearing of safety clothing or the use of safety equipment is mandatory, crew members must wear or use these items whenever they are on duty in accordance with the Company's policy and manuals.

9:02 After the six (6) month probationary period has been served, each employee, on the anniversary date of the agreement, shall be provided with the following:

- 1.) three pairs of coveralls (one insulated) per year;
- 2.) one set of foul weather gear every three years (see note below)
- 3.) one floater suit every three (3) years; (see note below)

Notes:

Floater Suits are to be provided once every three (3) years as indicated above unless damaged due to working conditions, in which case the Company will replace said suit. The Company's policy is that floater suits are to be inspected on a yearly basis. Floater suits failing inspection or have expired will be returned to the Company prior to issuing a new suit. All suits are to be stored on the vessels at all times.

The Company will issue \$100 to each permanent employee in July of each year for the purpose of purchasing Work Safety Footwear (Safety Boots).

All safety equipment provided to employees is to remain on board the vessel at all times. The Company will equip each vessel with spare coveralls and a spare floater suit for use by relief employees. The Company will provide secure storage facilities for employees to store their safety equipment. Each crew member shall return his/her used safety equipment and apparel to the Company prior to receiving new items.

Article 10 – Training

- 10:01 The Union and employees warrants that they shall use their best effort to assist the Company with training through cooperation, funding where available, course content and any other assistance that will improve the skills of the employees.
- 10:02 All crew members must be willing to undergo periodic training, upgrading, orientation, etc. as deemed necessary by the Company and/or the Company's client. Crew members must demonstrate a minimum level of comprehension for training related to the activities of the vessel and further demonstrate the proper implementation of their specialized training through their work effort. The costs of Company requested training courses will be paid by the Company. The Company will pay a premium of time and one half for all training required to be taken on an employee's time off work. The Company will pay for expenses incurred by employees for training being held in areas other than their work place or the refinery's facilities.

Article 11 – Working: Conditions and Hours of Work

- 11:01 The normal work schedule for crew members will be two weeks on and two weeks off.
- 11:02 Crew members will work a normal twelve (12) hour day with the watch system to be specified by the Master. All crew members covered under this agreement are considered multi-functionary crews and as such will work on board as required.
- 11:03 The vessel's operation and all tasks related to her safety, marine emergencies, drills or the need to carry out any additional work required regarding the unique operations of the vessel and maintenance, shall be completed at any time requested by the Master or his representative under the terms and conditions as outlined in this agreement.
- 11:04 During normal operations, the tugs will be required to provide assistance 24 hours per day seven days per week and the crew must be ready for duty and ready to respond. A work day shall be defined as any day in the week.
- 11:05 Salvage rates are to be determined prior to salvage. However returns to the crew are not to be less than the determined station or the status salvors.
- 11:06 Employees temporarily assigned to a position carrying a higher rate of pay than their regular classification shall be paid the rate plus benefits for the higher paid job.

Article 12 – Accommodations, Travel and Other benefits

- 12:01 Accommodations shall remain as presently provided and the Company shall provide mattresses, linens, pillows and towels, etc.
- 12:02 Change-over time for employees shall be 12:00 noon or as mutually agreed.
- 12:03 Where meals are not provided, each employee shall receive an allowance of \$25.00 per diem for travel purposes other than on the vessel.
- 12:04 When shift changes take place, other than Come By Chance, all reasonable travel expenses will be paid by the Company from Come By Chance. When private cars are used, a per kilometer rate of \$0.35/km shall be paid.
- 12:05 Any customs, benefits or conditions not covered by the Agreement presently enjoyed by the employees shall not be altered or changed during the term of this Agreement,
- 12:06 New conditions or systems arising during the life of this Agreement will, before implementation, be the topic of discussion between the Company and the Union.
- 12:07 An employee covered by this Agreement, while employed by the Company, who suffers loss of clothing or other personal effects because of a marine disaster, shall be compensated by the Company for such loss, up to a maximum of \$1,500.00.

Article 13 – Wages and Benefits

13:01 The wages and benefits for crew members shall be consistent with those outlined in Appendix A. Payments for outside work are included in the basic rate for employees. There will be no separate cheques issued to employees for outside work during this agreement.

13:02 The Company recognizes the following 11 statutory holidays per year:

New Year's Day	Labour Day
Thanksgiving Day	Good Friday
Remembrance Day	Easter Monday
Christmas Day	Victoria Day
Boxing Day	Canada Day
One (1) Floating Day	

For the 5.5 holidays worked, unlicensed personnel shall receive 2 basic days pay in addition to the pay he would normally receive; for the 5.5 days not worked, the unlicensed personnel will receive one day's pay.

Article 14 – Vacation Pay

14:01 All unlicensed employees with less than two (2) years of service with the Company shall receive vacation pay at the rate of 4% of their gross earnings. Unlicensed personnel on calendar date of their 3rd anniversary with the Company and less than 10 years shall receive 6% of their gross earnings. Unlicensed personnel on calendar date of their 10th anniversary and less than 20 years shall receive 8% of their gross earnings. Unlicensed personnel with over 20 years shall receive 10% of their gross earnings. All vacation pay shall be identified on cheque stubs.

Article 15 – Call Back

- 15:01 For work durations anticipated to be 2 days or less, the first right of recall will be given to employees coming off shift – with priority given to the employee working on the particular vessel for which employment is required. These employees will be paid at a rate of time and one-half. The second right of recall will be given to employees on layoff, with the third right to those outside the bargaining unit. Both laid off **and** outside bargaining unit employees will be paid regular rates for hours worked.
- 15:02 For work durations anticipated to be greater than 2 days, the first right of recall will be given to employees on layoff. If laid off employees are unable to fulfill the employment requirements, then the company will have the right to go outside the bargaining unit to fulfill their manpower requirements. These employees will be paid regular rates for hours worked.
- 15:03 Notwithstanding the above, it is the discretion of management to rotate crew members from ship to ship.
- 15:04 As of January 1, 2003, the following conditions will apply to call back periods of 3 days or more:
- for work durations anticipated to exceed 2 days, the first right of recall will be given to employees on layoff.
 - If laid off employees are unable to fulfill the employment requirements, the Company will then ask the remaining bargaining unit employees.
 - If the bargaining unit employees cannot fulfill the manpower requirements, the Company has the right to go outside the bargaining unit to fulfill their requirements.
- 15:05 Employees called back on overtime shall be paid at time and one-half for a minimum of four (4) hours overtime.

Article 16 – Insurance and Medical Plans and Group RRSP

- 16:01 The Company shall maintain a group medical and life insurance benefit plan. The benefit plan will be cost shared 75/25 between the Company and the employee respectively. Employees will be eligible for this plan once the probationary period has been served and the employee has accepted full-time employment with the Company.
- 16:02 After completion of the six-(6) month probationary period, the Company will commence making monthly contributions for purposes of employee RRSP to the institution of the employee's choice. This benefit will also apply to employees on layoff who are still members of the bargaining unit. The Company's contribution will be 4.5% of the employee's regular basic daily rate. The Company's portion of RRSP's will be paid each year on June 30 to the institution of the employee's choice.

Article 17 – Severance Pay

17:01 An employee who has completed at least 12 consecutive months of continuous employment shall be entitled to receive Severance Pay, if their employment is terminated by the Company. This pay shall be the equivalent of two days' pay at the employee's regular rate of wages for regular hours of work for each complete year of employment, with a minimum benefit equivalent to five days' wages.

17:02 Employees dismissed for cause shall not be eligible for Severance Pay.

Article 18 – Bereavement Leave

18:01 Unlicensed personnel shall receive 3 days off with full wages in the case of death in the immediate family. Immediate family shall mean: father, mother, children, spouse (including common law spouse), brother, sister, mother-in-law, father-in-law, grandparents and legal guardians. This leave of absence shall start not later than the day following the death and the employee's pay shall be limited to those days on which the employee is regularly scheduled to work.

Article 19 – Leave of Absence

19:01 Applications for Leave of Absence shall be made in writing to the Master of the ship who shall refer all cases to the Operations Manager for consideration and decision.

19:02 Such leave, if granted, will be without pay and under the following conditions:

- a.) The employee's name shall be continued on the seniority list, and seniority shall accumulate during his absence.
- b.) The employee must return to work not later than the expiry date of his leave, or the expiry date of any authorized extension of it. Failure to report for work on the date required will be cause for termination of the employee's rights under this Agreement.
- c.) Leave of Absence for educational purposes may be granted for a period of up to six months with no loss of seniority and employees shall accumulate seniority during such leave. The employee will provide the Company with the course dates etc.
- d.) During such Leave of Absence, employees must pay their regular monthly Union Dues or his name will be deleted from the seniority list. The Company agrees to deduct from the pay of each employee the Union Dues in arrears, if any, applicable under this clause when the employee returns from Leave of Absence,
- e.) Employees are required to notify the Company of the anticipated date of their return to work following a leave of absence.
- f.) The Company will not unreasonably deny compassionate leave requests by employees.

Article 20 – Seniority and Filling of Positions

- 20:01 Seniority lists shall be posted in January of each year and a copy provided to the Union, Protests in regard to seniority shall be submitted in writing within twenty-eight (28) days of the posting. No changes shall be made unless concurred by the Union.
- 20:02 If, as a result of circumstances, it becomes necessary to lay off employees, they will be retained in seniority. When there is an increase in the work force after the lay-off, employees shall be recalled in reverse order of the lay-off.
- 20:03 If laid off, an employee with less than twelve months service will have recall rights for a period of one (1) year. For employees with over six years service, the recall rights shall be twenty-four months.
- 20:04 A seaman whose position is abolished will have the right to bump a junior seaman with the Company if his qualifications are sufficient to perform the work.
- 20:05 Displacements, transfers, demotions and promotions to positions covered by this agreement, shall be based on ability, qualifications, performance, and seniority. Ability, qualifications, and performance being sufficient, seniority shall prevail. Company management shall be the sole judge of ability, qualification and performance.
- 20:06 An employee shall retain and accumulate seniority:
- a.) while on layoff up to twenty-four (24) months
 - b.) while on sick leave, Workers' Compensation, pregnancy leave or court duty;
 - c.) during a leave of absence
 - d.) if promoted outside the bargaining unit for a period of one (1) year
- 20:07 Employees shall lose all seniority if:
- a.) they are discharged for just cause;
 - b.) they resign
 - c.) they failed to return to work without just cause following a layoff and after being notified of the availability of work.
 - d.) They failed to return to work following an approved leave of absence or sick leave without just cause
 - e.) They are promoted to a position outside the bargaining unit for a period in excess of twelve months

Article 21 – Discipline or Discharge

21:01 An employee may be subject to disciplinary action, including discharge. Some of the reasons for disciplinary action or discharge include, but are not limited to the following:

- a.) Failure to promptly comply with all lawful orders of the Master while on board the ship.
- b.) Failure to be present at scheduled reporting time without just cause.
- c.) The bringing or using of alcohol or illegal drugs onboard the ship or reporting to a vessel while under the influence of alcohol or illegal drugs.
- d.) Theft or damage of Company property
- e.) Fighting or using physical force against the Master or any other employee
- f.) Neglect of duty
- g.) Failure to comply with Company rules
- h.) Deliberate interference with the sailing of a vessel.

21:02 Matters of a disciplinary nature or expressions of dissatisfaction with the performance of an employee shall be recorded in writing and placed in the personnel file of the employee with a copy to the Union. Such matters, if not recorded, shall not be considered as part of an employee's record unless recorded in the records of the ship or Master.

Article 22 – Grievance Procedure

22:01 Both parties recognize the importance of processing grievances as quickly as possible and agree that any dispute concerning the administration, application or alleged violation of this Agreement shall be dealt with as follows:

Step 1 : The aggrieved employee and the vessel delegate shall meet with the Captain concerning the grievance and a reply given within twenty-four (24) hours.

Step 2: If the grievance is not resolved at Step 1, the matter may be referred to other designated representatives of the union and a designated shore personnel within ten (10) days and a reply given within a further two (2) days. This notice must be given in writing.

Step 3: If the reply from the Company does not settle the matter to the satisfaction of the grievor, the Union shall, within twenty (20) days, provide the Company with notice that the matter is being referred to arbitration for a final decision. This notice must be given in writing.

22:02: The time limits herein may be extended by mutual consent.

Article 23 – Arbitration

- 23:01 A matter in dispute between the Company and Union involving the interpretation, application, operation or alleged violation of any article of this Agreement may, in the event of failure to reach agreement therein, be referred by either party to arbitration.
- 23:02 The party desiring to submit a matter to arbitration shall, within thirty (30) days, deliver to the other party a notice of intention to arbitrate. This notice shall state the matter at issue and state in what respect the Agreement has been violated or misinterpreted. The notice shall also stipulate the nature of the relief or remedy sought. Within ten (10) days after the date of delivery of the foregoing notice, both parties shall meet to agree on the selection of the Arbitrator.
- 23:03 If the parties cannot reach agreement in the selection of an Arbitrator within two (2) days, then either party may request the Minister of Labour to appoint the Arbitrator.
- 23:04 After the Arbitrator has been appointed by the foregoing procedures, he shall convene a meeting within five (5) days, if possible, with both parties present. After hearing the evidence of both parties, the Arbitrator shall render a decision within five (5) days,
- 23:05 Whenever the incident causing the grievance includes loss in earnings or a loss in benefits, the Arbitrator is empowered to order that such loss or part of such loss shall be reimbursed or restored to the employee if the Arbitrator determines that such mitigation of loss is warranted based upon the evidence submitted. In a disciplinary case, the Arbitrator is empowered to order a reduced penalty.
- 23:06 The decision of the Arbitrator on the matter at issue shall be final and binding on both parties, but in no event shall the Arbitrator have the power to add to, subtract from, alter or amend this Agreement in any respect.
- 23:07 Each party shall pay its own costs and the fees and expenses of its witnesses. The fees and expenses of the Arbitrator shall be shared equally between the parties.

Article 24 – Strikes and Lockouts

- 24:01 The Union agrees that it will not cause, authorize or sanction, nor permit its members to cause or to take part in any sit-down or any strike or stoppage of any of the Company's operations or any curtailment of work, restriction of or interference with production or any picketing of the Company's property during the term of this Agreement.
- 24:02 The Company agrees that it will not cause sanction or encourage any form of lockout during the term of this Agreement.

Article 25 – Manning – Unlicensed Complement

25:01 The vessel shall be operated with crew complements meeting safe manning regulations as stipulated in the Canada Shipping Act.

Article 26 - Duration of the Agreement

26:01 This Agreement shall become effective July 1, 2001 and shall remain in effect until June 30, 2005 (and thereafter shall be automatically renewed from year-to-year) unless in any calendar year within ninety (90) days preceding the date of this Agreement, a written notice is given by either party to this Agreement to the other party informing the latter that it wishes to terminate or amend this Agreement or to negotiate a new one.

Appendix A

ComTug Limited
 Wage Schedules 2001-2004
 July 2001

	ComTug At Present	ComTug 2001	ComTug 2002	ComTug 2003	ComTug 2004
Regular Pay					
Base Salary	27,538.94	29,665.00	31,182.00	32,144.46	33,135.79
Outside Work	0.00	900.00	900.00	900.00	900.00
Basic Pay	27,538.94	30,565.00	32,082.00	33,044.46	34,035.79
Shift Differential	1,430.00	1,430.00	1,430.00	1,430.00	1,430.00
Stat Holiday Pay	832.15	923.67	969.51	998.60	1,028.55
Total Regular Pay	29,801.09	32,918.67	34,481.51	35,473.06	36,494.34
Vacation Pay	2,384.09	2,633.49	2,758.52	2,837.84	2,919.55
	32,185.18	35,552.16	37,240.03	38,310.90	39,413.89
RRSP	702.00	1,599.85	1,675.80	1,723.99	1,773.62
Total Regular and RRSP	32,887.18	37,152.01	38,915.83	40,034.90	41,187.51
Incentive Bonus	0.00	900.00	900.00	900.00	900.00
Total Pay	32,887.18	38,052.01	39,815.83	40,934.90	42,087.51

DATED AT St. John's THIS 3rd DAY

OF June, 2002. 11:05AM.

Signed on behalf of:

FFAW/CAW

ComTug Limited

James McCreary

Finty Bagg

Stephanie Glynn

Shetty

Deirdre