

PROPOSAL TO RENEW COLLECTIVE AGREEMENT

NORTHWEST TERRITORIES POWER CORPORATION

OCTOBER 13, 2015

The Employer Bargaining Committee has the authority to negotiate a collective agreement, subject to ratification by the Northwest Territories Power Corporation Board of Directors and the Government of the Northwest Territories Financial Management Board.

The Employer Bargaining Committee's Chief Negotiator is responsible for confirming agreement on issues that are discussed during bargaining.

The Employer proposes that all items agreed to be signed off by both parties as negotiations proceed.

INTRODUCTION

The success of the Northwest Territories Power Corporation (NTPC) is dependent on a good relationship between management and employees and the growth and maintenance of that relationship.

NTPC works very hard to build an environment where our employees feel valued for their work and in turn can provide value to their communities, neighbours, friends and family in the Northwest Territories.

However, this set of negotiations is occurring in the midst of a challenging economic environment. NTPC is not immune from the current fiscal situation in Canada and more particularly in the Northwest Territories.

Considering the economic situation of the Northwest Territories, the *Report of the Special Committee on Transition Matters* which was tabled in the Legislative Assembly on October 7, 2015, notes that the 2014 GDP for the NWT is 7.5% lower than the five year average before the recession in 2008. The NWT economy is still 15% lower than it was before the 2008 recession.

The economic outlook for the NWT over the next five years is at best mixed. The slow growing NWT economy produces a flat population growth, with close to 0% growth in 2014 and 2015. From January 2014 to April 2015 more than 700 people moved out of the NWT. The slow growing NWT economy also produces a flat revenue outlook for the NWT. By 2019-20, NWT revenues are forecast to be only 0.4% higher than revenues in 2015-16. This same point was made in the Finance Minister's 2015-16 Budget Address.

NTPC is an NWT Crown Corporation. Its sole shareholder is the Government of the NWT (GNWT). The financial situation of the GNWT is directly and dramatically affected by the state of the NWT economy.

Based on the economic outlook and the population growth forecasts, GNWT revenues are projected to remain almost flat over the medium term, while expenditure pressures continue to grow. Without continued careful expenditure management, the GNWT will have a fiscal problem. The stagnant revenues are primarily because of slower Territorial Formula Financing growth, which is 68 per cent of total GNWT revenues.

Looking more closely at the NTPC and its financial situation, the results are also bleak.

The Corporation is experiencing decreasing revenue, which is due to a number of factors including:

- Decrease in the number of Corporation customers;
- Decrease in economic activity in the NWT results in less electricity usage;

Up until 2010, the Corporation would pay a dividend payable to its shareholder, a dividend based on the profits that the Corporation has generated.

Since 2010, the Corporation has not paid any dividend.

Instead, in both 2014 and 2015, the GNWT was required to provide additional funds to the Corporation, 20 million dollars in 2014 and 22.2 million dollars in 2015 to mitigate the effects of additional diesel generation caused by low water on its hydroelectric systems. The GNWT has pledged up to another 7.7 million dollars in 2016, also to mitigate against the effect of low water and the consequent increased generation costs.

Because of record and prolonged low water levels in the NWT, the costs of generating electricity increased dramatically, as the Corporation had to rely more heavily on diesel generated electricity. These funds were provided by the GNWT to avoid the Corporation having to further increase power rates to consumers. At the same time the same drought conditions that contributed to low water levels also resulted in an unprecedented number of forest fires in the NWT.

NTPC has a team of long term, loyal, dedicated employees. The Corporation very much values the commitment of all of its employees.

This commitment is recognized through events such as Long Service Awards, an annual volunteer day, time for social events, and celebration of personal milestones as well as others.

The Corporation's ability to negotiate a new collective agreement is dictated by the Corporation's fiscal situation, and the broader economic environment that exists. The Corporation must conduct itself so that it is not contributing to the already high cost of living for NWT residents.

It is within this broad economic framework, and recognizing the implications that all of these circumstances have on collective bargaining, that the Corporation has prepared its opening proposal, and is entering into collective bargaining negotiations with the UNW. All of the factors detailed above suggest that this round of collective bargaining with the UNW will take on a different tone than previous rounds of bargaining. This includes a very focused opening proposal. Even with a different tone, the Corporation is committed to achieving a collective agreement that satisfies both its needs, and the needs of the UNW and our employees.

The Corporation has always put the safety of its employees first. Recognizing that there is a new Regulation under the *Safety Act*, the Corporation has crafted a number of proposals to reflect the changes in the Regulation. The Corporation looks forward to discussing these changes, as well as any other changes that the UNW may be proposing, that would work to ensure that our employees have the safest working environment possible.

PROPOSALS

2.0.02 – replace “**Workers’ Compensation Board**” with “**Workers’ Safety and Compensation Commission**”

This proposal updates the name of the Workers’ Safety and Compensation Commission.

31.26(4) – correct typographical error:

The parties shall arrange for hearings before the Expedited Arbitrator at least every six months, except when there are no expedited grievances.

This proposal corrects a typographical error.

32.02(b)(i) – add following (v)

shall provide an occupational health and safety program, and shall review and if necessary revise that program at least once every three (3) years;

This proposal reflects the mandatory requirement in the Safety Act Regulation for occupational health and safety programs.

32.02(b)(i)(vi) – amend to read:

may develop, establish and maintain measures and procedures for the protection or the improvement of the safety and health of the employees.

This proposal in changed to reflect the addition of the new language above.

32.02(b)(ii) – amend to read:

A safety and health committee shall:

- (I) keep accurate records of all matters that come before it pursuant to subsection (i);
- (II) keep minutes of its meetings;
- (III) **post a copy of the minutes of its meetings in a location readily accessible by all employees; and**
- (IV) make **all** minutes and records available to a safety officer on his/her request.

This proposal reflects the requirement in the Regulation that committees post their minutes.

34.01(b) – add following 34.01

- (b) **the Employer shall repair or replace any protective equipment which has become defective and which has been returned to the Employer by an employee.**

This proposal reflects the new requirement in the Regulation that personal protective equipment be replaced or repaired

50.01 – to be discussed

This article sets out the duration of the collective agreement, which will need to be agreed upon.

Appendix H paragraph 6 – replace “**Appendix B – P – 19**” with “**Appendix B – HR – 2 – 13**”

This proposal corrects the reference to the Relocation Policy