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NEWSCAST

News from the Society of Energy Professionals

Arbitrator critiques govt policy, awards OPG raises

On December 10th, friends, colleagues, and family members of Inergi Local VP Elaina De Luca celebrated her impending retirement. Here she listens to friend and unit director Dianne Mowat on the De Luca virtues.

Against the will of the McGuinty government and its wage restraint policy, an arbitrator has awarded members of the Society's OPG Local a two-year collective agreement with salary increases totalling six per cent. The award also includes a break-through improvement to benefits—coverage for dental implants.

"[Government wage-restraint] pronouncements are of no binding force or effect and, given the specific factors under Article 15 that must govern my deliberation, they can be of no practical effect either," ruled Arbitrator Kevin Burkett in a 26-page interest arbitration award. "[T]here is no basis upon which to conclude that the members of this bargaining unit enjoy an absolute salary advantage that should act to moderate future salary increases."

Arbitrator Burkett's ruling settles collective bargaining between the Society and OPG for the next two years.

"All the hard work we put into bargaining has really paid off," said Local VP **Joseph Fierro**. "This is a very good result for the employees we represent, and sets a terrific precedent for the Bruce Power and Nuclear Waste Management Organization Locals, who will be in arbitration later this year."

Last year, the Ontario Legislature approved the *Public Sector Compensation Restraint to Protect Public Services Act*, the flagship of its response to the economic downturn and the resulting ballooning government deficit. It froze the wages of non-union employees in both the public and wider public services, and set out that no money would be forthcoming for future wage increases for unionized employees. Strangely, though OPG and Hydro One revenues and rates have absolutely nothing to do with government spending deficits, both utilities were included in the ambit of the *Act*.

Though the government could have tried to legislate wage freezes, they chose not to do so, opting instead to rely on moral suasion. Arbitrators ruling on collective agreements since passage of the *Act* have commonly found themselves not to be bound by the statements of political leaders advocating for "restraint." In the OPG case, Arbitrator Burkett sets out that Article 15 of the Collective Agreement—the article that both the Society and OPG have traditionally agreed establishes the arbitrator's jurisdiction—exhausts the matter.

Arbitrator Burkett found the context in which the two parties were bargaining to be most unhelpful for the resolution of differences.

> *It should come as no surprise that the parties made very little progress in direct two-party negotiation. Once OPG made it known that it was seeking a zero net compensation agreement and that it would be maintaining that position throughout, there was no reason for the Society to moderate its position or to seriously consider the OPG demands designed to improve the efficiency of its operations. The effect of the Government pronouncement and its direction to OPG was to "freeze" the bargaining and thereby to prevent the parties from either moving to an agreement or at least prioritizing their respective bargaining positions.*

Here are some highlights of his ruling:

- Salaries will increase 3.0 per cent effective January 1st, 2011; 2.0 per cent effective January 1st, 2012; and a further 1.0 per cent effective April 1st, 2012
- Cost-of-living escalator clause, which provides lump-sum payments if inflation exceeds 3.5 per cent, will be maintained (Employer wanted it gone)
- Beginning January 1st, 2012, dental coverage provides dental implants where recommended by the treating dentist as the most effective treatment choice
- Veterans and reservists of the Canadian armed forces will get paid time off to observe Remembrance Day (see news release, November 10th, 2010)
- Improvements to lack of notice penalties for individual contributors or FLMs' shifts changed without their crew to cover for another FLM
- Society members working in temporary assignments in higher rated positions will receive the higher rate of pay from the first day of such assignments (instead of after 15 days)

The OPG Local's Adrian Rizzuto, pictured on duty in Kandahar province in 2008. Last year he was denied paid time off to observe Remembrance Day, a right as of now he has under the collective agreement. (He got the time off in the end.)

Management entered bargaining taking the position that they were bound by the *Restraint Act*, wanting:

- Wage freezes in both years of a two-year contract, with absolutely no room for movement
- Take-ways such as watering down the purchased services (contracting out) agreement; deletion of the cost-of-living clause; and much more
- Practices of long standing that Society-represented employees had relied on but were not required by the collective agreement would be eliminated

Arbitrator Burkett allowed OPG a number of changes that provided more flexibility in making assignments and changing shifts, especially with regard to expected work on new-build at Darlington.

However, he ruled that the Employer's intent to change a long-standing practice of allowing employees to roll over into the next year all of their unused vacation would ***not*** be discontinued, and instead wrote the right into the collective agreement to carry over up to two weeks.

In a departure from the usual arbitral practice of saying very little about the political context in which bargaining occurs, Arbitrator Burkett opened his decision with an outline of the peculiar position in which OPG has been placed by government policies and practices with regard to the electricity industry. OPG is "being forced to operate with one arm tied behind its back," he said.

- OPG faces competition from electricity producers who are "statutorily arranged and encouraged"
- The *Green Energy Act* offers the competition guaranteed contracts at significantly higher rates for their production than OPG gets
- "OPG has not been able to sell all of its available generation even though responsible for operating and maintaining the assets necessary to supply the base power load for the province of Ontario"
- OPG's rates are regulated by the Ontario Energy Board, who can be expected to moderate price increases, given current spikes in electricity prices related to "green energy" (see "Society supports PWU appeal of OEB salaries/pensions ruling," below)

Despite all this, he noted, OPG "will remain a profitable enterprise capable of maintaining the relative compensation position of its employees."

OPG is "being forced to operate with one arm tied behind its back..."

"It's great that Arbitrator Burkett has recognized the pressures we're operating under," said Society President **Rod Sheppard**. "When the government is using everything at its disposal to make sure we pay with our salaries for their electricity contracts it's good to have someone with Mr. Burkett's prestige on the case."

The OPG Local's bargaining team included Local VP **Joseph Fierro**; unit directors **Victor Chetcuti**, **Tony Kokus**, **Alex Saba**, **Peter Tien**, **Andy d'Andrea**, and **Deo Somaru**; and staff officers **André Kolompar**, **Joseph Lesperance**, and **Elizabeth Traicus**.

Society: LTEP welcome, but fix flaws

Much of the McGuinty government's long-term energy plan is welcome and needs to be implemented as quickly as possible, says the Society. At the same time, there are flaws, especially in the feed-in tariff (FIT) program, that not only endanger the system, but also the McGuinty government itself.

"We've always, always supported the government's goal of reducing carbon emissions," said Society President **Rod Sheppard**. "But not only will the Plan be more expensive than it needs to be, carbon reductions may well be minimal."

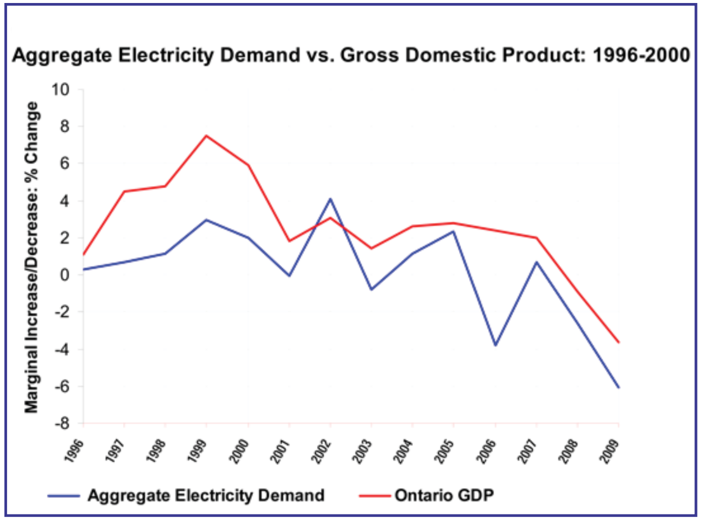
Sheppard comments came as the Society submitted a comprehensive analysis of the government's draft supply-mix directive to the Environmental Registry.

The Society welcomed that the LTEP:

- Calls for maintaining Ontario's nuclear footprint at 12,000MW, through refurbishing Pickering B and building two new nuclear units at the Darlington site
- Acknowledges that hydroelectric power is "unique among renewables," as it is reliable, dispatchable, and affordable into the bargain
- Proposes converting Ontario's existing fossil generators to burn biomass or natural gas

On the other hand, the Society says, there are shortcomings in the plan that interfere with the government's clean-air goals:

- The least costly way to acquire more renewable generation—through provincial public utilities—is still disallowed
- The government's plans for new hydroelectric capacity are insufficiently ambitious, ignoring thousands of megawatts of potential new supply, and entirely overlooking opportunities for pumped storage



- The FIT program encourages too much intermittent, non-dispatchable forms of generation, while the long terms of the contracts being awarded mean Ontarians will be waiting a long time to benefit from increased economies of scale
- Turning over too much of the system to FIT-sponsored projects will result in an increased reliance on carbon-emitting gas generation while simultaneously displacing baseload generation, and too much intermittent, non-dispatchable, unreliable supply on the system
- The decreases in electricity use are almost entirely due to losses of manufacturing, forestry, and other employment—not to any measurable progress in the creation of a "culture of conservation—and the government is making no attempt to separate the two
- The "not-so-smart," one-way meters that the government has chosen to implement time-of-use pricing will prove to be ineffective in demand management—concentrating on improving industrial efficiency would yield better results
- Transmission solutions are being overlooked in favour of gas-fired generation
- Ontario lacks a publicly-owned research facility, and has lost much ability to do forward-looking, non-ideological research into energy efficiency and demand management strategies

Shortly after announcing the LTEP, the government posted a proposed supply mix directive on the Environmental Registry for public comments. The Society's submission is its contribution to this stage of the consultations. Comments from the public will be considered in the finalization of the directive, before sending it on to the Ontario Power Authority. The OPA will consult publicly during the development the Integrated Power System Plan (IPSP) and will then submit the plan to the Ontario Energy Board. The OEB will conduct a review of the IPSP including more public hearings. The final IPSP will constitute the detailed long-term energy plan for the next 20 years. It will be updated every three years as required by regulation.

"We'll be pursuing these matters with the Minister, both inside and outside the consultation procedures, as much as we can," Sheppard said. "We think they can do a better job."

The Ontario Power Authority was set up in 2005 to be the agency that carries out long-term planning for the electricity sector, and to implement the government's policy goals for the system. It first produced an IPSP in 2006, based on its own research and public consultation. That IPSP was sent back to the OPA in 2008 by then-Energy Minister George Smitherman, with instructions to beef up the plans for renewable generation. It has been all but suspended since then.

The Society's submission is available in the members' section of the Society web-site.

Board highlights: November, 2010-February, 2011

The Society's Executive Board met on November 2nd and December 7th, 2010, and on January 11th and February 1st, 2011. All were Tuesdays.

Recognition: The following were recognized for outstanding contributions to the Society:

- Society staffers **Cheri Funston**, **Laura Langmaid**, **Elena Medina**, **Irene McDines**, and **Lisa Van Camp** for all their work on the logistical arrangements for Society Council
- Society Staff Officer **Greg Spencer**, **Rob Stanley** (Bruce Power), and Society lawyer Michael Wright for their work on the Bruce Power financial traders arbitration
- OPG Local delegate **Ralph Chatoor**, who spoke on November 25th at the launch of OPG's "White Ribbon Week"
- **Elaina De Luca**, former Inergi Local VP, who retired on December 1st, for "her many years of service to the Society and her determined advocacy on behalf of her members"
- Society Staff Officer **Mike Belmore**, for his "outstanding" work on the Society submissions to the Ontario Energy Board regarding the rate applications for Hydro One and OPG
- The members of the "technical advisory group," who assisted officers and staff in preparing the Society's submission on the long-term energy plan to the Environment Registry (see story, above): Bruce Power's **Bob Wells** and **Chris Loughren**; Hydro One's **Jim Botari**, **John Cameron**, **Michael Dang**, **Keith Rattai**, and **Michelle Byck Johnston**; the IESO's **Andrew Trachell**, **Helen Lainis**, **Peter Drury**, **Ross Murray**, **Darren Matsugu**, and **Scott Travers**; the OEB's **Ross Houldin** and **Edik Zwarenstein**; OPG's **Alex Saba**, **Joseph Fierro**, **Joel Barton**, and **Tony Kokus**; and the Pensioners' Chapter's **Bill Jones** and **David Young**
- All the members, pensioners, and staff who attended the support rally for USW 1005 in Hamilton on January 29th (see story, below, and photo gallery)

Long-Term Electricity Plan Submission: The Society submitted its comments on the provincial government's "long-term energy plan" by the deadline, January 7th. See article, above.

Pensions: In view of the precarious state of some of the Locals' pension funds, the Board struck a Pensions Sub-committee. That body will:

- develop a policy on bargaining parameters for pensions and "other post-employee benefits (OPEB)" with the intention to protect and improve the health of the pensions/UPEB in all locals with attention to the unique problems faced by privatized no-asset spin-offs
- place pension/OPEB protection on all privatized locals' bargaining agendas (e.g. minimum 80 per cent transfer ratio on wind-up basis, pension/UPEB obligations to have preferred creditor status, FSCO filings with indexation, etc.)
- explore specific initiatives to prepare in advance for any potential wind-ups or sell-offs
- develop a call to action (coordinated effort across locals) to reduce pension/UPEB risk.

On November 25th, OPG delegate Ralph Chatoor spoke at the pancake breakfast that launched OPG's white ribbon week. Ralph lost a relative to domestic violence, and shares his experiences and views on ending it when he can.

Audit Committee: The Board appointed **Jose Freire-Canosa** (NWMO) to be one of the Board reps to the Society's Audit Committee. The Board is still looking for a candidate for one of the non-Board member positions.

Scholarship Program: The Executive Board appointed the following to the Scholarship Selection Committee: **Kelly Brace** (ESA Local VP), **Shirley Kung** (OPG UD), **Andrew Stock** (New Horizon UD), and **Elan Thomas** (Kinectrics UD).

Given the challenges encountered in running the scholarship program for the first time, the Board made some changes to the expected timing of the process for selecting scholarship winners. The Selection Committee will meet to consider the applications from March 1^{st} to May 31^{st}, will make recommendations to the Executive Board at its June meeting, will notify the successful candidates in June, and candidates will receive their awards at an awards dinner to be held in late June or early July.

Canadian Nuclear Association: The CNA's Nuclear Industry Conference and Trade Show will take place in Ottawa February 23^{rd} to 25^{th}. In addition to the conference there will be a student briefing, a communications workshop, an event involving Women in Nuclear, and opportunities to network with representatives of aboriginal communities. The Society will send a contingent of 10 representatives.

Donation, USW 1005: Steelworkers working for Stelco in Hamilton, currently owned by US Steel, are involved in a significant struggle to save their pensions—and pensioners. See article, below. Considering the importance of the matter to all other unionized pension plans, the Executive Board approved a donation to USW 1005 of $10,000.

Photo: Brent Fisher

On January 13^{th} EVP Finance Rob Stanley (Bruce Power) joined members of the Owen Sound Attack at St Joseph's School in Port Elgin. Joey Hishon, Liam Heelis, Andrew Shaw, and Matt Stanisz gave an anti-bullying presentation to St Joseph's students. The Bruce Power Local is a sponsor of the Attack, and the anti-bullying program is part of the partnership.

Stanley now EVP Finance

The Bruce Power Local's **Rob Stanley** has been elected Executive Vice President Finance.

"I am grateful and honoured that the membership showed faith in me," Stanley said. "I will continue to work closely with the finance team to ensure the Board makes sound financial decisions on behalf of the membership".

Stanley has been acting EVP Finance since late last summer, when previous EVP Finance Lanny Totton suddenly retired. In November, 2010, Society Council decided an election would be held.

Stanley was challenged by OPG section manager/auditor Adam Habayeb. Preliminary results were:

Habayeb	949
Stanley	1323

"There's work to do," Stanley said. "We've got some challenges to address, and we've got to work together on them."

Stanley will serve out the rest of the EVP Finance term, until March 31st, 2013.

Society supports PWU appeal of OEB salaries/pensions ruling

The Society will will intervene in support of the PWU in an appeal of an Ontario Energy Board direction to Hydro One.

"We believe no OEB panel has the right or mandate to interfere in collective bargaining," said Society President **Rod Sheppard**. "We'll support the PWU in any way we can."

The two unions are outraged over an Energy Board panel's December 23rd ruling in Hydro One's rate application for 2011-12. In its ruling, the panel all but said that Hydro One needs to comply with the McGuinty government's zero-increase policy with regard to public sector (and OPG and Hydro One) wages. The panel was "concerned about [Hydro One]'s ability to control the growth in head count and labour cost increases." While noting that Hydro One employees are 90 per cent unionized, it found that compensation was 17 per cent "above market median," and productivity levels are not as high as Hydro One's submissions indicated.

The Board therefore disallowed 3.0 per cent of Hydro One's request for operations, maintenance, and administration (OM&A) costs, and 4.0 per cent from its 2012 request, as a "signal for upcoming bargaining." It also directed Hydro One to attempt to "demonstrate measurable progress towards having its pension contributions reflect those prevailing in the public sector," calling 50 per cent the "norm."

"Our right to free collective bargaining with our employers is to be somehow subject to regulation by the Energy Board?" Sheppard asked. "It's a bit of a conflict—an arm's-length government agency bending over backwards to implement the policies of Hydro One's shareholder—the government."

The PWU's appeal to the Divisional Court of Ontario asks the Court to set aside the OM&A ruling, and direct the Board to set up a new panel to reconsider. It takes the position that the panel "erred in law" because the Ontario Energy Board Act requires panels to allow costs that are "reasonable and prudent." The metric the panel seemed to be using was not whether compensation costs were "unreasonable" or "imprudent," but, rather, whether in some circumstances they could be lower.

"We think it's important to establish," said Sheppard, "that the results of collective bargaining are ***by definition*** reasonable and prudent."

Hydro One had included in its 2011-12 costs 2.5 per cent increases in compensation for Society-represented employees, and 3.0 for the PWU. The Society-Hydro One collective agreement is in effect until April 1st, 2013, and there is no upcoming bargaining for sending "signals."

Since the salaries are locked in, Sheppard says the OEB direction can only be complied with by reducing the projects that will be completed.

"The Energy Board seems to be concerned only with its objective of protecting consumer prices, and not enough with protecting consumers with regard to the adequacy, reliability, and quality of electricity," Sheppard said. "Both are requirements of the Act, and they must be in balance."

The PWU filed their appeal on January 17th. No hearing has been scheduled as yet.

Mowat takes Inergi Vice Presidency

An election has installed unit director **Dianne Mowat** as the Inergi Local's new Vice President.

"I'm really, really gratified that the members have shown such faith in me," she said. "And I congratulate Judith for her hard work and great campaign. She's one reason the members were so engaged."

Mowat was elected over delegate Judith Logan with 86 per cent of the ballots cast.

The election was made necessary when the former Local VP, **Elaina De Luca**, accepted a bridge to retirement, and left Inergi, effective December 15^{th}, 2010. Unit director Andre Ramsaroop acted as Local VP while the election was held. Mowat will serve the rest of De Luca's term, until March 31^{st}, 2013.

Mowat enjoyed the advantage of having been endorsed by De Luca, as well as both of her fellow unit directors.

She says she expects the rest of her term to be lively. "We've got to make sure we keep the members engaged. I expect Capgemini to keep plugging away, trying to make Inergi fit into its business model."

New Inergi Local VP Dianne Mowat

Inergi Local battles for more pension funding

The Inergi Local is asking Ontario's pension regulator to intervene in their Employer's pension filings.

"Capgemini's not putting all the money they're getting for our pensions from Hydro One into the Fund," says former Inergi Local VP **Elaina De Luca**. "We're currently \$63.3 million in deficit, and it's only going to get worse."

Local members crowded two meetings conducted by the Employer in December, where they were given the latest bad news. Some members held placards at the door. The meetings were also attended by dozens of Inergi retirees—including management retirees.

Managers reported they were projecting that as of January 1^{st}, 2011, the Fund would have \$188.4 million in wind-up assets, and \$251.7 million in wind-up liabilities. When questioned as to where the money from Hydro One earmarked for pensions was going, Olivier Lefebvre, Inergi CFO and Chair of the Pension Committee said, "That money is not part of the funding strategy and is not put in the Pension Fund." Though he couldn't say where the money does go, he took an action to find out.

Many members found this highly objectionable. One member said:

> *If the **intent** of the money is for our pensions, it should clearly go there, without any judgement or calculations; withholding it is dishonest. It would be like giving someone a gift to pass on to a friend, yet the friend never receives it. …[T]here is no acceptable way this behaviour can be justified. I would ask management to please reconsider their actions as people, not as a company whose goal is to see how much they can get away with.*

One pensioner asked Capgemini VP Human Resources for North America Jane Diercks, "Can't you see how concerned we are? When this Company started [these meetings], there were three people in the room. Now there's a full house."

The Inergi Local is conducting a letter-writing campaign, directed at the Financial Services Commission of Ontario

(FSCO), the body that regulates Ontario pension plans. The letter asks FSCO to "investigate" the situation, and to require Inergi to submit its 2011 filing "with indexation." This, they say, will force the company to make up some of the "lost" funding.

Ms. Diercks has told the Inergi Local that "regular and consistent filings have indeed been made to FSCO in order to keep the regulators in Ontario informed of the funding requirements, plan investments and the funded status of the pension plan." "In fact," she said, "we have paid more into the employee Pension Plan than the FSCO regulations in Ontario require."

In response to the situation at Inergi and other locals, the Society's Executive Board has struck a "pension sub-committee" to coordinate the effort to "protect and improve the health of the pensions/OPEB (other post-employment benefits) in all locals with attention to the unique problems faced by privatized no-asset spin-offs." (See Board Highlights, above.)

The battle over pension funding at Inergi has been going on for several years now, with the exact amount of Inergi contributions to the Fund even being the subject of bargaining. The Local's agreement has a clause that requires further contributions when the transfer ratio (assets to liabilities—including indexation—on a wind-down basis) falls below 0.80. Pension valuations at Inergi are now done yearly, helping to enforce this clause.

According to Local leaders, the amounts that the Local achieved in bargaining are ***responsible*** for Inergi meeting its FSCO obligations.

Another point of contention between the two parties is the status of Other Post-Employment Benefits (OPEB), largely the health and dental plans enjoyed by Inergi retirees. Originally they were told the responsibility for OPEB would be shared by Hydro One and Capgemini, in the proportion represented by a given retiree's service with each company. Later they were told the Capgemini part had been assigned instead to Inergi. The possibility of dissolution of Inergi, therefore, leaves current and future Inergi retirees vulnerable to the loss of their health benefits.

On Tuesday, December 7th and Thursday, December 9th, Inergi LP management held their annual town halls on the pension fund. Inergi Local members Zvi Vaxman, Patrick Keating, and Local VP Elaina De Luca brought their OWN messages to the meeting.

At the December meetings, Cap VP Diercks took an action to clarify the OPEB situation with Hydro One.

Inergi LP is owned by Capgemini, a huge, worldwide consultancy and outsourcing firm based in Paris. It has a contract with Hydro One to perform a number of support functions for Hydro One's business. That contract will be up for renewal in 2015. At the time Inergi was formed, more than 300 Hydro One employees were transferred to the new company. The possible loss of the Hydro One contract is one of the main concerns of Local members.

The Society fought a successful battle with Cap in 2007-2008 to overturn their plan to send most of Inergi Society-represented work to India and Poland.

New Horizon gets new contract

The Society's local at New Horizon System Solutions has achieved a renewal collective agreement.

"I'm quite happy with this deal," said Local VP **Simon Huang**. "We've got a reasonable salary increase, and made some gains in other areas as well."

Huang said he is pleasantly surprised by what his bargaining team was able to achieve, given the sometimes rocky relationship between the Employer and the Society. The deal achieves significant improvements in a number of areas that had been straining the relationship. Here are some highlights:

- Three year agreement, starting January 1st
- Yearly wage increases of 2.75 per cent, 2.75, and 3.0
- Increases to benefits, including eyeglasses (to $500), dispensing fees ($9), private and semi-private coverage (to $350 and $280 respectively), and osteopathy coverage
- Improvement to self-funded sabbatical eligibility to once every four years (from five)
- Replacement of performance pay with a step-based system that maxes at 100 per cent, with 3.0 per cent increases each year, starting with the second year of the contract
- Med-arb extended to the next round of bargaining

The performance pay plan sparked much of the friction between the Local and Management. While Management liked the concept of merit pay, individual managers seemed incapable of implementing it systematically, or even, in some cases, competently. Managers just wouldn't do the performance appraisals that are crucial to merit increases. Step-based progression should resolve that problem permanently.

Like Inergi, the other CapGemini local, New Horizon employees work side-by-side with non-New Horizon, Cap employees, making administration of the purchased services agreement fraught with difficulty. Before bargaining, the two parties' purchased service language allowed the Employer a "free fly zone"—the freedom to assign up to 75 per cent of the project work to employees outside the bargaining unit. The agreement reduces the FFZ to 40 per cent.

New Horizon System Solutions, Inc., was created in 2001 when OPG sold its IT business and staff to CapGemini, an outsourcing corporation headquartered in France, and then signed a contract for NHSS to do OPG's IT work. Cap has great ambitions to grow its business in North America. While NHSS and Inergi are the most profitable Cap facilities on this continent, the Society has long held that Cap's mostly American managers understand little of either the Canadian context, how to deal with unionized employees, or how to grow the Canadian business.

A ratification vote is underway. The results will be known on February 7th.

The New Horizon bargaining team was made up of Local VP Huang; unit directors **Gordon Higuchi**, **Andrew Stock**, and **Andy Gillis**; and delegates **Frank Szalontai** and **Sarah Freire**. Staff Officer **Blaine Donais** provided staff support.

Vertex Local ratifies new agreement

Members of the Society's local at Vertex Customer Management have ratified a new collective agreement.

The agreement was reached on January 14th. Ratification meetings were held in Markham and London on December 20th and 21st, and a week was allowed for mailed ballots to arrive at the Society office before counting.

"Our bargaining team has unanimously recommended that members vote to ratify the settlement," Local VP **Tracy Miller** told members on January 20th. "We worked very hard with management, and we think it's an excellent result."

The members apparently agreed, ratifying the agreement in a plurality of 92 per cent.

On December 20th, Vertex Local VP Tracy Miller (left) outlined the new collective agreement to members at Hydro One's Clegg Road facility in Markham.

Miller said the context in which bargaining took place was tough. Vertex Management provided an overview of the changes to the commercial contract with Inergi/Hydro One, and requested employees adopt a 40 hour work week for no more pay, and other concessions. As well, Vertex management had terminated the mediation-arbitration agreement, so bargaining was taking place under strike/lockout.

"There has been a significant increase in the number of grievances, with the vast majority of members working overtime, and not always getting paid for it," she said. "So fairness, work-life balance, and job security were very high-priority issues."

Management had other priorities, she noted, among them being cost reduction, implementation of a 40-hour work week with no additional compensation, and linking future pay increases to performance."

Much was accomplished, Miller said:

- A three-year term (April 1st, 2011 to March 31st, 2014), with salary increases of 2.5, 2.0, and 2.0 per cent
- Effective October 1st, the performance pay plan is to be replaced by a step-progression plan, with employees to be mapped to the next higher step (10 steps of 2.0 per cent each, starting at 82 per cent; the employer can withhold progression in certain, strict circumstances)
- The base workweek will be increased to 37.5 hours

So, beginning in October, 2012, each employee who is progressed will get a 2.0 per cent raise in a step progression, added on top of the salary increase the previous April. This October the mapping exercise will result in small raises for those in odd salary steps (e.g. 93 per cent).

(Last June, the Vertex Local bargained a mid-term agreement which exchanged their incentive plan for a 2.0 per cent increase for each employee.)

Other highlights:

- A minimum 3.0 per cent differential between Society supervisors and PWU step-up rate in her/his unit will be enforced
- Workloads must be "reasonable and doable" in 37.5 hours, with protection for employees raising workload concerns
- Where work contracted out, Vertex required to ensure skills transfer
- Improvements to benefits, including vision care improved to $525 from $475 every two years; paramedical to $800 from $600; non-life sustaining over-the-counter drugs covered when prescribed; orthotics to $425 from $375 every three years
- Expansion of definition of "family" for bereavement leave
- Consultation with the Society is required in any case where an application for rotations will not be processed
- Joint teams will develop a "rewards program" and a skills development and succession planning program (two to four training positions to be created)

The Society's bargaining team consisted of Local VP Miller, delegates **Deb Wood** and **Cathy Connor**, and Hydro

One Local VP **Keith Rattai**. Society Staff Officer **Jim Bell** provided staff support.

Contract extended at Kinectrics

Members of the Kinectrics Local have voted 93 per cent in favour of a three-year contract extension, with "tweaks."

"This worked out really well, and we're quite happy with it," said Local VP **Phil Dale**. "Right now we think the best way to protect the pension plan is to establish Kinectrics as a viable, strong, growing company, so this is best for the pensioners, too."

Bargaining broke out when Kinectrics management approached both the Society and the PWU, requesting that they (and pensioners) agree to an extension of the five-year period allowed to bring their pension fund up to 100 per cent funded on a going-concern basis. Due to low interest rates and the decline in the stock market since 2008, the fund had fallen to about 77 per cent funded ($183m assets, 152.3 liabilities) as of January, 2010. (It is thought that the fund had improved by some $5m since then.) Recent changes in pension regulations allow a pension plan more time to replenish, provided all parties to it agree, and, in the case of current pensioners, no more than one-third object.

Both the Society and the PWU saw the request as a way to strike a longer-term deal on their collective agreements as well, and proceeded to bargain.

In return for their agreement on the amortization period, Kinectrics Local members get:

- A three-year extension of their current collective agreement (2011-2013)
- Salary increases of 3.0 per cent on each January 1st
- Improvements in the performance pay pot: 1.27 per cent of base pay (up from 1.0 per cent); and 3.48 percent of EBITDA (up from 3.0 per cent), for merit pay raises for lower-paid employees
- Training budget to increase to $100,000 from $75,000
- Self-study materials (books) allowance to $600 per person per year from $500
- Employee pension contribution to increase to 7.0 per cent for the period of the contract, but will revert to 6.5 per cent as of January 1st, 2014
- No reduction in benefits, including rule of 82
- Kinectrics will make an additional $1.5m contribution to the Fund: $750,000 on February 28th, 2011, and another $750,000 on February 28th, 2016

As the deal involves the pension plan, bargaining was tripartite—the PWU also had to ratify, which they did, or the deal could have been voided. In addition, if one-third of current pensioners had expressed opposition to the deal, it could have been voided.

The deal is of substantial success for Kinectrics as well, as it frees up between three and four million dollars per year for investment.

VP Dale gave full marks to his negotiating team, which included unit director **Elan Thomas**, member **Richard Meguerian**, and, representing pensioners, **Bill Jones**. Staff Officer **Laura Brownell** provided staff support. "Everybody played an important part in this," Dale said, "especially Laura, who was there to give us that extra push when we needed it."

Crucial pension battle in Hamilton

The Society has weighed in on an issue close and dear to Society members' hearts—Canadian pension security.

"Standing up for the US Steel pension and current and future pensioners is a priority for all members of pension plans," said Society President **Rod Sheppard**.

Sheppard was in Hamilton, delivering a cheque for $10,000 to USW 1005 President Rolf Gerstenberger, The donation is to assist the steelworkers local in financing their battle with US Steel, current owner of the former Stelco. USW members were locked out last November over their refusal to agree to huge pension concessions demanded by their American managers.

On January 27th, Society President Rod Sheppard presented a cheque for $10,000 to USW 1005 President Rolf Gerstenberger. It may not be *our* pension plan, he said, but "standing up for [it] is a priority for all members of pension plans."

"If US Steel is able to impose its unreasonable demands, it'll be bad for these workers and pensioners, it'll be bad for the Hamilton area, and in fact it'll be bad for anyone in this country with a pension plan," Sheppard said. He also told the cheering steelworkers that the Society had sponsored a busload of supporters to appear at their Ontario-wide rally, to be held Saturday, January 29th.

US Steel wants to de-index the pensions of more than 9,000 retirees, as well as force all new employees into a defined contribution pension plan. Many find this move shocking: it comes at a time when there is an alarming increase in the number of seniors living in poverty, and Canadians are engaged in a national discussion on the future of retirement security. At a time when many Canadians will not have access to a proper pension to support them in dignified and secure retirements, U.S. Steel is actively seeking to contribute to the problem.

In order to get permission to purchase Stelco, US Steel made commitments to the federal government under the *Investment Canada Act* that guaranteed production levels would be maintained, and 3,100 jobs would be retained. The *Act* stipulates that such changes to foreign ownership must provide a "net benefit" to Canadians. Instead, US Steel has repeatedly degraded production and employment levels in its Canadian operations. In October the company shut down its Hamilton blast furnace, while at the same time starting up two blast furnaces in its US operations to make up for the lost production. Critics of the company say this clearly violated its commitments to Canadians.

"That's thousands of jobs lost to the Hamilton area, and now they want to reduce pensioners to poverty," said Sheppard.

Sheppard says the Society will in the next few weeks engage its members to take action to help USW 1005.

Want to engage employees? Engage their union.

Employers do a much better job of making changes in their workplaces when they are unionized, and when they know how unions work, says Society staff officer, professor, and author **Blaine Donais**.

"You can have the relationship with the union that you want," he says. "If you see the union as a positive thing, it gives you access to the employees you'd never achieve in a non-union workplace."

Donais is the author of *Engaging Unionized Employees: Employee Morale and Productivity*. It was published in December, 2010, and was fêted at a booklaunch on February 1st at the Imperial Pub and Library in Toronto.

"Many managers have very little understanding of how to work with unions," Donais says. "Many of us in the union movement wish we could just hand [them] a book and say, 'Read this before you come and talk to me.'" This is the book they need to read, he says.

Society President Rod Sheppard was on hand to help Blaine Donais celebrate the launch of his new book.

There are good reasons to build positive relations with the union(s) in one's workplace:

- involving the union leadership in the operations of the organization will help build trust, morale, and productivity among employees
- Unions operate democratically—employees expect their unions to look after their interests, and union leaders have credibility in the workplace that managers find next to impossible to achieve
- Unions bring democratic principles to the workplace; unionized employees are more vocal, more aware of the conditions in which they exist, are better at being *citizens* than non-unionized employees—they've a better understanding of how things work
- Union leaders can be positive agents for change, often more effective than managers can be

Donais says managers who understand how unions operate, and the pressures that are brought to bear on union leaders, can manage their workplaces better.

> *I got the idea for the book at a conference of the Association for Conflict Resolution. I was on a panel*

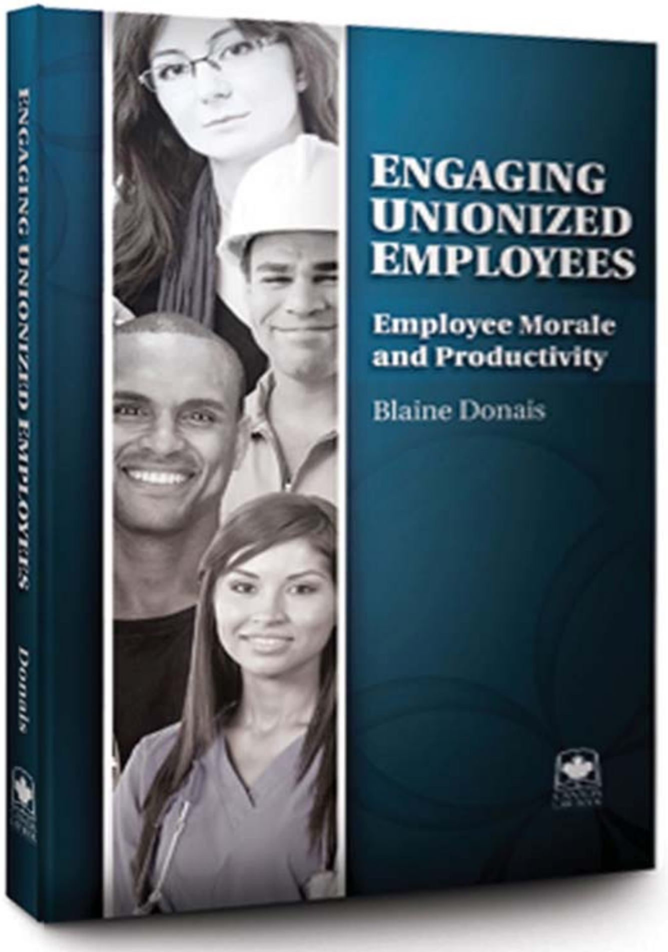
discussing conflict management systems projects. I heard stories of companies spending hundreds of thousands on projects, only to have a union put the kibosh on them. I thought, Why would that happen? I looked into some of the famous cases: Saturn, Kaiser Permanente, Harley Davidson, Corning, etc. And I found that in the ones that failed they just didn't understand how unions operate.

An employer who knows how to engage the union knows the union will bring employees along with them. It's an option that just isn't available to workplaces of unorganized workers.

While the book could be an important part of a manager's toolbox, Donais says union leaders would benefit as well. "It seems to me that many union leaders could do a better job of communicating their role in the workplace and in society as a whole. I think my book could help *them*."

Blaine Donais has been a staff officer for the Society since 1995. His first book, *Workplaces that Work*, was published in 2006. He is President and Founder of the Workplace Fairness Institute, Conflict Management Solutions; adjunct professor of workplace dispute resolution at York University and the University of Toronto Centre for Industrial Relations and Human Resources; and is a visiting lecturer at La Trobe University, Melbourne, Australia and Queensland University, Brisbane, Australia.

Copies of his books can be purchased through the Workplace Fairness Institute.



Society Newscast 2010:04

(Links in this document to organizations or documents named can be found by rolling your cursor over the appropriate text.)

N.B. Society Newscasts are numbered in accordance with the Society's fiscal year. Newscasts will be numbered 2010 until March 31st, 2011.