Nalcor Energy – Lower Churchill Project

Labour Model Recommendations Report ("Report")

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1.0 Purpose

This Report provides recommendations as to the appropriate labour model for each of the three major components of the Muskrat Falls LCP being reservoir clearing, transmission line construction and Generating Facility construction.

2.0 Scope

The objective is to create labour models that will drive high levels of productivity while mitigating or eliminating the labour risks associated with major project work, which have been identified, as follows:

(i) Labour stability

(ii) Below budgeted levels of productivity

(iii) Labour shortage

(iv) Labour costs higher than budgeted

In addition, each labour model must provide the foundation for a healthy, safe, respectful and productive work environment to ensure each component is completed on schedule and within budget. In arriving at each recommendation the following factors were reviewed:

(i) Scope of work

(ii) Type of contractor and contracting strategy

(iii) Labour requirements; direct and indirect

(iv) Labour force skill requirements

(v) Potential labour sources

(vi) Nalcor Energy's desired influence over each scope of work

(vii) Potential labour risks

(viii) Potential labour models

(ix) An analysis of advantages and disadvantages of each potential labour model

The Stakeholder Engagement Overview and Strategy sets out the following guiding principles for the creation of labour management models for the LCP:

Our desired legacy - Set the standard in the Province for the successful execution of major project work resulting in enhanced provincial image and reputation.

Objective - Set the benchmark in the following key areas:

1. **Health and Safety** - is a shared responsibility for every person participating in the LCP. A health and safety program that supports a healthy work environment and a safety first culture is the foundation of a successful project.

2. **Environmental Responsibility** - will ensure Project work is executed in an environmentally friendly manner with the least impact in this environmentally pristine area of Labrador.

3. **Positive People Management** - will support stable, positive and respectful labour relations, being the cornerstone of a safe, healthy, productive work environment. Site standards, rules and procedures must be developed with input from all stakeholders to ensure a respectful and positive work environment is created and maintained.

4. **Living and Working Conditions** - that distinguish the Project as a site of choice so as to attract a highly skilled and motivated workforce, many of whom will be attracted home to the Province.

5. **Labour Productivity** - is the natural extension of a healthy, safe, positive and organized working and living environment, which will support an on time and on budget completion.

Stakeholder Engagement - our Project's success is measured by the success of key stakeholders and partners. It is important that all key stakeholders be engaged throughout the Project so that stakeholder's success is in alignment with Project success and we achieve proponent, contractor and labour cooperation.

3.0 Abbreviations and Acronyms

Term	Definition
Benefit Strategy	Lower Churchill Construction Project Benefit Strategy
CEP	Communications, Energy and Paperworkers Union of Canada
Carpenters	Regional Council of Carpenters, Millwrights and Allied Workers, Local 579
Generating Facility	Muskrat Falls Generating Facility
IBA	Potential Innu Impacts and Benefits Agreement
IBEW 1620	International Brotherhood of Electrical Workers, Local 1620
LCP	Lower Churchill Hydroelectric Project
Nalcor	Nalcor Energy
Province	Newfoundland and Labrador
RDC	Resource Development Council
Report	Labour Model Recommendations Report
Reservoir	Muskrat Falls Reservoir
Reservoir Agreement	Wall-to-Wall Reservoir Clearing Project Agreement
Transmission Agreement	Transmission Construction Project Agreement

4.0 Reference Documents and/or Associated Forms

The recommendations in this Report are a follow-up to and in alignment with the following:

1. Labour Relations Framework for the Lower Churchill Hydroelectric Development, prepared by Morgan Cooper (2007)
2. Review of Labour Relations Framework for the Lower Churchill Hydroelectric Development (January 10, 2010)
3. Labour Relations Strategy Review PowerPoint presentation (April 2010)
4. LR - Bargaining Agent Options (May 2010)
5. The Benefit Strategy

6. The Potential Impacts and Benefit Agreement with Labrador Innu ("IBA")

7. Lower Churchill Falls Stakeholder Engagement Overview and Strategy, dated June 21, 2010.

5.0 Executive Summary of Key Recommendations

A. Muskrat Falls Clearing and Grubbing

1. We recommend against performing this work non-union, as a scope of work of this magnitude would be vulnerable to a union organizing drive which could impact productivity, labour costs and schedule.

2. We recommend that a regulation be enacted pursuant to Section 70 of the *Labour Relations Act* to obtain a Special Project Designation ("SPO") for this scope of work for the following reasons:

    (i) This scope of work will be constructed in remote areas with different geographic considerations than those taken into account for the Generating Facility and transmission construction.

    (ii) The terms and conditions of a Project Agreement for this scope of work will be specific to this type of work.

    (iii) The union bargaining agent will be different than the Bargaining Agents for the other scopes of work.

    (iv) The employers association will have a different makeup than the contractors associations for the other scopes of work.

3. We recommend a Reservoir Agreement be entered into with the Province's Regional Council of Carpenters, as opposed to CEP or the RDC. The following are the factors that influenced us in making this recommendation;

    (i) The Carpenters have had and continue to have bargaining rights in the forest harvesting sector.

    (ii) The Carpenters led by Gus Doyle are strong supporters of diversity and have initiated Province-wide diversity initiatives.

    (iii) The Carpenters have positive experience in working with a Project proponent in Labrador in regard to implementation of IBA commitments specific to Aboriginal people.

(iv) The Carpenters are among the most progressive unions in regard to embracing more progressive work methods.

(v) The Carpenters would be more acceptable to the RDC than CEP.

(vi) Labour costs will be lower than those associated with the heavy civil trades and the RDC.

4. We recommend the Reservoir Agreement contain language to support the following:

(i) Name-hiring to support any IBA obligations and the Benefit Strategy.

(ii) Full flexibility for work assignments to support a team-based approach so as to maximize labour productivity.

(iii) Full flexibility in creating schedules to support the execution of this scope of work.

B. <u>Muskrat Falls Transmission Line</u>

1. We recommend against performing this scope of work non-union, as a scope of work of this magnitude would be vulnerable to a union organizing drive which could impact productivity, labour costs and schedule.

2. We recommend an SPO specific to this scope of work for the following reasons:

(i) The transmission lines will be constructed in remote areas with different geographical considerations than those taken into account for the Generating Facility.

(ii) The construction schedule for transmission will be different than the construction schedule for the Generating Facility.

(iii) The union bargaining agent will be different than the bargaining agents for the other scopes of work.

(iv) The employer's association will have a different make-up than the contractors' associations for the other scopes of work.

3. We recommend that the Transmission Agreement be entered into with IBEW on condition that union can satisfy Nalcor that it can provide a sufficient skilled workforce. The following are the factors that were considered in making this recommendation:

(i) The IBEW 1620 has extensive experience in performing this type of work throughout the Province;

(ii) Nalcor has longstanding and positive relations with the IBEW on numerous levels.

(iii) As the IBEW is a member of the RDC in the event of a labour shortage, the IBEW would be in a position to attract tradespersons from other RDC member unions.

(iv) The IBEW locals are among the most progressive unions in the Province in supporting diversity and have positive experiences in implementation of IBA commitments specific to Aboriginal people.

4. We recommend that the Transmission Agreement contain language to support the following:

(i) Name-hiring within reasonable parameters to support any IBA obligations, Benefit Strategy and construction needs.

(ii) Full flexibility for all work assignments to support a team-based approach to provide for maximization of labour productivity.

(iii) Full flexibility in creating work schedules to support construction activities.

C. <u>Muskrat Falls Generating Facility</u>

1. We recommend a specific SPO for this scope of work be enacted with a geographical scope to include the Generating Facility and ancillary sites, such as staging areas, port facilities at Goose Bay and quarries for the following reasons:

(i) This scope of work will have different geographical considerations than the scopes of work for transmission construction and clearing and grubbing.

(ii) The terms and conditions of the project agreement for this scope of work will be different than the terms and conditions of the project agreement for the other scopes of work.

(iii) The union bargaining agent will be different than the bargaining agents for the other scopes of work.

(iv) The employers association will have a different makeup than the employers association for the other scopes of work.

2. We recommend that the Generating Facility construction be performed utilizing the RDC on the following conditions:

    (i) The RDC is controlled by the civil trades that will predominantly be performing this scope of work.

    (ii) The RDC will exercise strong, centralized leadership with proactive participation by the international unions.

    (iii) The buy-in to the key parameters of a Generating Agreement be achieved prior to committing to the union bargaining agent.

3. The Generating Agreement must be significantly different than major project agreements utilized in the past in the Province. We recommend that the Generating Agreement contain language which supports the following:

    (i) Aboriginals, underrepresented groups such as females and residents of Labrador who possess the required qualifications be automatically admitted to union membership with a nominal or no initiation fee.

    (ii) Name-hiring within reasonable parameters to support any IBA obligations and the Benefit Strategy.

    (iii) Name-hiring within reasonable parameters so contractors can hire key employees.

    (iv) Ability to utilize composite crews with no or limited jurisdictional mark-ups to support high levels of labour productivity.

    (v) Nalcor permitted to take over any portion of the construction site or piece of equipment upon substantial or partial completion to ensure the affected scope of work is completed on time and on budget.

    (vi) For commissioning, Nalcor to have the right to utilize operational employees, vendors' employees or composite crews to perform commissioning work.

    (vii) Layoff language so that employees are retained on the basis of competency and qualifications, not seniority, so as to maintain productivity levels as the LCP demobilizes.

    (viii) Full flexibility in creating work schedules to support construction activities.

D. Industrial Relations Timelines

1.	Task		Timeline
	(i)	Assemble labour team	September 6 – November 19, 2010
	(ii)	Develop labour framework recommendations	November 1 – December 23, 2010
	(iii)	Commence non-monetary collective bargaining preparation (reservoir, transmission and generation)	November 1 – January 30
	(iv)	Nalcor senior executive labour framework presentation	January 14, 2011
	(v)	EPCM labour team integration	January 21, 2011
	(vi)	Nalcor senior executive labour framework input and approval	January 28, 2011
	(vii)	Union input and buy-in to labour model parameters	February 28, 2011
	(viii)	Formal announcement and initial meetings with bargaining agent	March 11, 2011
	(ix)	Collective bargaining	March 1 – November 30, 2011
	(x)	Complete collective bargaining monetary recommendations (post Hebron and CLRA negotiations)	May 2011
	(xi)	Collective bargaining monetary mandate approval	May 2011
	(xii)	Develop and implementation of SPOs	December 31, 2011

6.0 Muskrat Falls Reservoir Clearing

A. Scope of Work

The Reservoir encompasses a surface area of 102 km2 and is the length of approximately 60 km. It is the intention of Nalcor to clear as much of the Reservoir area as possible prior to commissioning of the Generating Facility, which construction phase will be approximately five years. It is anticipated that approximately 2,200 hectares will be cleared. Currently, it is not a

requirement that the Reservoir be cleared prior to commissioning of the Generating Facility; however, there is a chance that this could be a condition of environmental permitting.

The Reservoir clearing will be done with purpose built mechanical harvesters, forwarders, excavators and self-loading haul trucks. In order to support the harvesting activities a road network will have to be built. Further, maintenance crews with experience working on this type of equipment and these types of conditions will need to be engaged.

Under the proposed IBA there is an assumption that mobile camp facilities will be used to support this activity.

B. Contractors/Contracting Strategy

This scope of work will likely be executed by a single contractor utilizing a number of subcontractors who will work in different areas of the Reservoir. The contracting strategy will be unit price.

C. Labour Requirements

1. Direct Labour

Type of Activity	Quantity	Traditional Construction Jurisdiction
Harvester Operators	24	Operating Engineers
Forwarder Operators	12	Operating Engineers
Excavator Operators – Mulching	7	Operating Engineers
Excavator Operators – Road Building	6	Operating Engineers
Truck Drivers – Wood Hauling	6	Teamsters
Truck Driver – Float Operator	12	Teamsters
Truck Driver – Gravel Hauling	3	Teamsters
Loader Operators Gravel	3	Operating Engineers
Crawler Tractor Operators Gravel Spreading	3	Operating Engineers
Crawler Tractor Operators Road Building	3	Operating Engineers
Grader Operator	2	Operating Engineers
Mechanic First Class	6	Operating Engineers
Mechanic Second Class	6	Operating Engineers
Mechanic Labourers	3	Operating Engineers
Welders	3	Operating Engineers
Technicians – Zone Control	6	Non-Union
Technicians – Road Building	3	Operating Engineers
Technicians – GPS	3	Labourers
Time Keeper	3	Operating Engineers
Supply Clerks	3	Operating Engineers
Supervisor Cutting	4	Operating Engineers

Type of Activity	Quantity	Traditional Construction Jurisdiction
Shift Foremen	6	Operating Engineers
Supervisor Roads	2	Non-Union
Roads Foremen	4	Operating Engineers
Supervisor Safety	6	Non-Union
Supervisor Environment	4	Non-Union

2. Indirect Labour

Type of Activity	Traditional Construction Jurisdiction
Non-Union Supervision	Non-Union
Field Engineering	Non-Union
Survey Crews	Labourers
Environmental Monitoring Erosion Control	Non-Union
Fuel Trucks	Teamsters
Crew Transport	Teamsters
Office Staff	Operating Engineers
Temporary Building Maintenance	Labourers
Fire Protection	Operating Engineers
Sanitary Services	Labourers
Camp	Hotel & Restaurant
Medical Paramedics and/or Nurses	Teamsters

D. Labour Force Skill Requirements

The following are skill level requirements for this scope of work:

1. Harvester, forwarder and excavator mulching operators typically obtain their skills through hands-on experience. These operators while not red sealed, are highly skilled and given the function they perform, will have a significant impact on productivity and schedule.

2. Operators of other required equipment such as loaders, crawler tractor, gravel spreaders and grader operators require less experience. There is no red seal program for these operators; however there are training facilities available to obtain the skills to operate such equipment.

3. Maintenance staff, which include first and second-class mechanics and welders, are highly skilled and typically have a red seal designation.

4. Trucks which will be utilized for wood hauling, float operation and road building require special licence designation and a reasonable level of experience.

5. Indirect labour requirements such as cooks, nurses, paramedics and surveyors are highly skilled and require either a certification, university degree or red seal.

6. Other indirect labour, such as camp attendants and labourers, are semi-skilled.

E. Potential Labour Sources

The following are potential labour sources:

1. There is an Innu workforce available to perform a portion of this scope of work. Some of this workforce is already skilled, while others will require training. The integration and training of this workforce will be in alignment with any IBA obligations, the Diversity Program, any other contractual requirements or any other legislated requirements.

2. There is a Labrador workforce available, some trained, others requiring training, to perform a portion of this scope of work. Residents of Labrador will have priority in hiring and the ability to access training to acquire the necessary skills as per the Benefit Strategy.

3. There is a female workforce available, both skilled and unskilled, to perform a portion of this scope of work. The integration and training of females and other underrepresented groups will be in accordance with the Diversity Program and Benefit Strategy for the LCP.

4. There is a Newfoundland workforce available to perform this scope of work. The potential sources of qualified workers to perform this scope of work are as follows:

    (i) The Carpenters have had and continue to have bargaining units in Newfoundland that perform this type of work.

    (ii) Former employees of Abitibi Consolidated Woodlands Operations represented by CEP have employees that may be available.

    (iii) Operators and labourers from traditional trades, some of whom perform this type of work recently at Vale's Long Harbour Processing Plant Project.

    (iv) Non-unionized workers who have worked in the forest sector in Newfoundland.

F. Nalcor Energy's Areas of Potential Influence Over This Scope of Work

The following are activities or factors which may cause Nalcor to desire to have some control or influence over this scope of work:

1. Health and safety management system to ensure high safety standards and consistent standards, policies and procedures.

2. Each component of the LCP will have high visibility and will be closely identified with Nalcor.

3. Labour relations and human resources management system to ensure LCP standards, work rules and policies are consistent while supporting a respectful work environment, which is in alignment with Nalcor's values.

4. Labour productivity management systems to ensure productivity is measured and managed to ensure labour productivity is maximized.

5. Environmental management systems to ensure consistent standards are enforced throughout each component of the project.

6. Potential IBA commitments which may include training, hiring and business opportunities.

7. Adjacency and diversity commitments contained in Benefits Strategy which must be respected.

G. Potential Labour Risks

1. Labour disruption associated with organizing and/or a strike associated with first contract negotiations.

2. Below budgeted levels of labour productivity caused by poor labour relations.

3. Below budget levels of labour productivity caused by ineffective implementation of IBA, diversity or adjacency obligations.

4. Ability to attract and retain a sufficient number of trained and qualified workers, especially harvester, forwarder and excavator mulching operators.

5. Higher than budgeted labour costs associated with heavy civil construction unions which unions would most likely attempt to unionize this scope of work.

H. Potential Labour Models

1. Non-union.

2. Single union with SPO and Reservoir Agreement;

3. RDC with SPO and Project Agreement.

I. Analysis of Advantages and Disadvantages of Each Labour Model

1. Advantages of Non-Union

The following are the advantages of performing Reservoir clearing non-union:

(a) No operations restrictions imposed by collective agreement.

(b) No restrictions on hiring permitting easier compliance with any IBA and Benefits Strategy (adjacency and diversity) commitments.

(c) Non-union labour rates generally lower.

(d) Lower cost to administer and manage workforce non-union.

2. Disadvantages of Non-Union

The following are the disadvantages of performing activities non-union:

(a) Risk of a single or multiple union organizing drives and potential strikes impacting schedule and productivity.

(b) If some or all of this scope of work became unionized, this scope of work would likely be considered heavy civil work and would fall under the jurisdiction of multiple construction unions, as it is incidental work to a major project. This would result in the Construction Labour Relations Association ("CLRA") having significant influence over this scope of project work and would likely result in multiple certification applications.

(c) Above budgeted labour costs associated with unionization.

(d) Potential negative work environment and poor public image of project related to union organizing drive.

(e) Without SPO and designated employers association, it may be more difficult for Nalcor to have control or influence over labour relations, human resource, diversity obligations, adjacency obligations and IBA obligations.

3. Advantages of Single Union (CEP or Carpenters) with SPO and Reservoir Agreement

The following are the advantages of this type of labour model:

General Advantages

(a) Uniform terms and conditions of employment for entire construction period.

(b) Known labour costs for entire construction period.

(c) Labour stability for entire construction period (no strikes or lockouts).

(d) Nalcor will control all Owner's Association and will be able to have a high level of influence over the management of industrial relations, human resources, safety, environment, diversity, adjacency and any IBA obligations.

(e) Easier to impose uniform project standards, training, orientation, drug and alcohol, safety, etc., through employers association.

(f) A Wall-to-Wall Agreement with CEP or the Carpenters should result in lower labour rates than a project agreement dominated by the traditional construction trades that expect heavy civil trade rates. Under a Wall-to-Wall Agreement, rates should be 10 to 20 percent lower than traditional construction rates.

(g) A Wall-to-Wall Agreement will eliminate operational restrictions and inefficiencies associated with traditional trades' jurisdictional rules, especially inefficiencies caused by Labourers and Teamsters jurisdictional rules.

Advantages of Carpenters

(h) Carpenters have three collective agreements in the Province in the forest harvesting sector with the following employers:

(i) Cottle's Island Lumber Company Ltd.

(ii) Central Forest Products

(iii) Abitibi Consolidated

(i) Carpenters led by Gus Doyle are one of the most progressive construction unions in the Province in regard to diversity and working with Aboriginal groups. The Carpenters were instrumental in creating the organization called "Women in Apprenticeable Trades".

(j) Utilize Carpenters' training infrastructure and resources.

(k) Carpenters have positive experience in working with a project proponent in Labrador in regard to implementation of IBI commitments specific to Aboriginal people.

(l) The Carpenters' leadership in the Province and nationally led by Jim Smith are among the most progressive unions in regard to embracing more progressive work methods.

(m) The Carpenters will likely be able to attract members from other construction unions with the necessary skills for this scope of work in the event of a labour shortage given the Carpenters are a member union of the RDC.

Advantages of CEP

(n) CEP has considerable experience in performing wood harvesting in Province with three existing or expired collective agreements.

(o) CEP has extensive construction experience in other Provinces, especially Alberta, British Columbia and Saskatchewan.

(p) CEP in other Provinces has embraced progressive construction work methods such as composite crews with no jurisdictional mark-ups. CEP typically agrees to flexible working hours with lower overtime and premium rates than the traditional construction trades.

4. Disadvantages of Single Union (CEP or Carpenters) with SPO and Reservoir Agreement

The following are the disadvantages of this type of labour model:

(a) Labour costs will be higher than if performed non-union.

(b) Potential operational restrictions imposed by Reservoir Agreement.

(c) Extra administrative costs associated with union contract administration and grievance management.

(d) A Reservoir Agreement utilizing CEP may limit the ability to attract tradespersons with the appropriate skills from other unions.

(e) Perception of favouritism for utilizing Carpenters may negatively impact negotiations for the major project agreement for the Generating Facility.

5. Advantages and Disadvantages of RDC with SPO and Project Agreement

Many of the advantages and disadvantages with a Wall-to-Wall Agreement with a single union will be applicable in this labour model with the following exceptions:

(a) Potential hiring restrictions negatively impacting any IBA commitments and Benefits Strategy (adjacency and diversity) more likely with traditional trades.

(b) Potential restrictions on obtaining union membership and high initiation fees more common with traditional trades, which would negatively impact any IBA obligations or obligations under the Benefits Strategy.

(c) Higher administration costs associated with union contract administration and grievance management with traditional trades give multiple union make-up.

(d) Potential operational restriction imposed by jurisdictional work rules of traditional construction trades.

(e) Utilizing union hiring hall and/or travel cards in the event of a labour shortage.

(f) Unions have positive experience in supporting IBA obligations on other projects in Labrador.

J. Recommendations

1. We recommend that this work not be performed non-union, as a scope of work of this magnitude would be vulnerable to a union organizing drive which could impact productivity, labour costs and schedule. Further, if unionization were to occur, there is a reasonable probability that this scope of work would be considered heavy civil, making it vulnerable to multiple-union certification applications with industrial relations managed by CLRA.

2. If this scope of work is to be completed prior to the flooding of the Reservoir as a term and condition of the environmental release, it is recommended it be included under an SPO. An SPO will ensure labour stability and this scope of work is completed on schedule.

3. If the environmental approvals permit the flooding of the Reservoir before clearing and grubbing is completed, we would still recommend this scope of work be included under an SPO. After conducting an analysis of the advantages and disadvantages of each potential labour model, the risks to Nalcor in executing this scope of work can be best managed under a Reservoir Agreement containing the parameters set out in paragraph 5 below.

4. It is further recommended that a separate SPO be utilized for the following reasons:

   (a) Reservoir clearing will occur in remote areas which have different geographical considerations than those for the Generating Facility construction area or transmission construction area.

   (b) The terms and conditions of a Reservoir Agreement will be different than those of the Project Agreement applicable to the Generating Facility and transmission construction given the different types of work being executed.

   (c) In the event Reservoir clearing was included under the same SPO as the Generating Facility construction, there may be an expectation that compensation should be similar to that paid for heavy civil work in the construction sector.

   (d) The union bargaining agent will be different than the bargaining agent for the other scopes of work.

   (e) The employers association will be different than the employers association for the other scopes of work

5. With the utilization of an SPO, we recommend a Reservoir Agreement be entered into with the Carpenters, on condition that the Carpenters are able to supply sufficient workforce and provided a Reservoir Agreement can be achieved within the following key parameters:

   (a) The agreement is wall-to-wall.

   (b) Name-hiring to support any potential IBA obligations and the Benefits Strategy (adjacency and diversity).

   (c) Reasonable Name-hiring provisions so contractors can hire key employees, which will be important to each contractor's overall productivity management plan.

   (d) Aboriginals, under-represented groups such as females, residents of Labrador who possess the required qualifications be permitted to join the applicable union with a nominal or no initiation fee and ongoing reasonable union dues.

   (e) Full flexibility for work assignments to support team-based approach.

   (f) High levels of flexibility for creating work schedules to support construction activities.

   (g) Reasonable financial terms for this type of work.

(h) Other appropriate terms and conditions to support this scope of work being completed on schedule and within budget.

6. If the Carpenters will not agree to the parameters set out in paragraph 5 above, we recommend that CEP be utilized as the bargaining agent, on condition they will enter into a Reservoir Agreement within the key parameters outlined above.

7. We do not recommend the utilization of the RDC to perform this scope of work for the following reasons:

(a) the higher labour costs associated with heavy civil trades;

(b) the difficulty that would likely be incurred in attempting to negotiate a Reservoir Agreement within the parameters outlined in paragraph 5.

8. If a Reservoir Agreement cannot be achieved within the parameters outlined in paragraph 5 above, we recommend consideration be given to lobbying the Province to enact regulations to support IBA obligations, the Benefits Strategy and construction needs. Such amendments should address the following issues:

(a) Prohibit work assignment restrictions;

(b) Specify maximum union dues and initiation fees;

(c) Provide for automatic admission to the union membership by qualified individuals;

(d) Require hiring to support Benefit Strategy (adjacency and diversity and any IBA commitments);

There is a precedent for this type of regulation at Bull Arm. While legislative resolution is typically a last resort and not desirable, such legislated change or potential legislated change may provide the necessary leverage to assist more enlightened union leaders to obtain buy-in on a Reservoir Agreement within the parameters of paragraph 5 outlined above.

9. In the event the clearing and grubbing in the Reservoir in the area near the Generating Facility is not completed prior to the start-up of construction at the Generating Facility, we recommend this scope of work be included under the SPO and Project Agreement to support Generating Facility construction.

K. Process to Obtain Carpenters' Commitment to Required Conditions

1. In order to ensure the Carpenters are the appropriate bargaining agent and will commit to the conditions set out in paragraph 5 above, we recommend the following steps:

   (a) Substantially complete preparation for collective bargaining prior to meeting with representatives of the Carpenters so that all key language and bargaining objectives can be clearly identified.

   (b) Meet with Robert Blakely, the Director of Affairs for the Canadian Building Trades Council; Gus Doyle, President of the Carpenters; and Jim Smith, the Canadian Director of the Carpenters, in order to obtain their buy-in and commitment to the conditions outlined above.

7.0 Muskrat Falls Transmission Line

A. Scope of Work

The transmission line construction activities will occur over the following distances:

1. Muskrat Falls to Strait of Belle Isle, approximately 400 km.

2. Strait of Belle Isle to Taylor's Brook, approximately 240 km.

3. Taylor's Brook to Soldiers Pond, approximately 450 km.

4. Taylor's Brook to Cabot Straight, approximately 290 km.

The transmission line structures will be lattice steel type towers, approximately 40 ft. high with an average span of approximately 400 m. between each tower. The right of way will be generally 80 m. in width and will have to be cleared and grubbed.

B. Contractors/Contracting Strategy

This scope of work will be executed by multiple contractors working in different geographical areas. The contracting strategy will likely be unit or fixed price.

C. Labour Force Requirements

1. Direct Labour

Type of Activity	Quantity	Traditional Construction Jurisdiction
Secretaries except Legal/Medical	5	Operating Engineers
General Office Clerks	4	Operating Engineers
Civil Engineers	4	Non-Union
Civil Engineering Technologist/Technicians	6	Non-Union
Land Survey Technologist/Technicians	4	Labourers
Registered Nurses	3	Teamsters
Ambulance Attendants/Other Paramedical Occupations	4	Teamsters
Janitors/Caretakers/Building Superintendents	5	Labourers
Contractors/Supervisors/Electrical Trades/Telecommunications Occupation	1	
Contractors/Supervisors/Pipefitter Trades	6	UA
Contractors/Supervisors/Metal Forming/Shaping/Erecting Trades	4	Ironworkers
Contractors/Supervisors/Carpentry Trades	1	Carpenters
Contractors/Supervisors/Heavy Construction Equipment Crews	64	Operating Engineers
Electricians (Except Industrial and Power Supply)	6	IBEW
Electric Power Line & Cable Workers	48	IBEW
Steamfitters/Pipefitters/Sprinkler System Installers	10	UA
Ironworkers	141	Ironworkers
Welders & Related Machine Operators	7	Operating Engineers
Carpenters	17	Carpenters
Cement Finishers	12	Bricklayer
Roofers & Shinglers	12	Carpenters
Construction Millwrights & Industrial Mechanics	2	Carpenters & Millwrights

Type of Activity	Quantity	Traditional Construction Jurisdiction
Heavy Equipment Mechanic	6	Operating Engineers
Crane Operators	18	Operating Engineers
Drillers & Blasters Service Mining Quarry & Construction	38	Operating Engineers
Truck Drivers	37	Teamsters
Heavy Equipment Operators (Except Cranes)	158	Operating Engineers
Automotive Mechanical Installers & Servicers	6	Teamsters
Construction Trade Helpers & Labourers	144	Labourers
Other Trades, Helpers & Labourers	37	Labourers
Power System Electricians	16	IBEW
Sheet Metal Workers	12	Sheet Metal
Refrigeration & Air Conditioning Mechanics		

2. Indirect Labour

Type of Activity	Traditional Construction Jurisdiction
Non-Union Supervision	Non-Union
Field Engineering	Non-Union
Survey Crews	Labourers
Environmental Monitoring Erosion Control	Non-Union
Fuel Trucks	Teamsters
Crew Transport	Teamsters
Office Staff	Operating Engineers
Temporary Building Maintenance	Labourers
Fire Protection	Operating Engineers
Sanitary Services	Labourers
Camp	Hotel & Restaurant
Medical Paramedics and/or Nurses	Teamsters

D. Labour Force Skill Requirements

The following are the main skill level requirements for this scope of work:

1. Electrical power line and cable workers and construction electricians both requiring journeyperson tickets.

2. Ironworkers for erection of towers, which require a journeyperson ticket.

3. Crane operators and heavy equipment operators. Crane operators are highly skilled, and this classification has been red sealed since of January 1, 2011. Heavy equipment operators also require considerable skill; however, this classification is not red sealed at this time.

4. Truck drivers typically require specialized driver certifications and experience.

5. Indirect labour requirements such as cooks, nurses, paramedics and surveyors are highly skilled and require either a certification, university degree or red seal.

6. Other indirect labour requirements for the camp and site services are semi-skilled, such as labourers and camp attendants. These classifications require no certifications and no experience.

7. Harvester, forwarders and excavator mulching operators, though not red sealed, are highly skilled and typically have obtained their skills through hands-on experience.

E. Potential Labour Sources

The following are potential labour sources:

1. IBEW Local 1620 members have extensive experience in performing this type of work in the Province.

2. Non-unionized workers are available who have also been utilized in the Province to construct transmission lines, but no recent project in the Province has been a scope of work of this size.

3. All of the skills required are available from the traditional building trades in the Province, being primarily Ironworkers, Operating Engineers, Electricians, Teamsters, Labourers and Carpenters.

4. There is an Innu workforce, skilled and unskilled, available for primarily the Labrador scope of work. Under the proposed IBA, Benefit Strategy and Diversity Program, job and training opportunities will be made available to the Innu.

5. Females, both skilled and unskilled, are available in the Province to perform a portion of this scope of work. Under the Benefit Strategy and Diversity Program, there exist obligations to employ and train females and other individuals from diverse groups.

F. Nalcor Energy's Areas of Potential Influence Over This Scope of Work

The following are activities or factors which may cause Nalcor to desire to have some control or influence over this scope of work:

1. Health and safety management system to ensure high safety standards and consistent standards, policies and procedures.

2. Each component of this project will have high visibility and will be closely identified with Nalcor.

3. Labour relations and human resources management system to ensure project standards, work rules and policies are consistent while supporting a respectful work environment.

4. Labour productivity management systems to ensure productivity is measured and managed to ensure labour productivity is maximized.

5. Environmental management systems to ensure consistent standards are enforced throughout each component of the project.

6. Potential IBA commitments which may include training, hiring and business opportunities.

7. Adjacency and diversity commitments contained in Benefits Strategy are respected.

G. Potential Labour Risks

1. Ability to attract and retain a significant number of trained and qualified workers, especially electrical line cable workers.

2. Labour stability.

3. Below budgeted levels of labour productivity impacting construction schedule.

4. Higher than budgeted labour costs.

H. Potential Labour Models

1. Non-union.

2. IBEW wall-to-wall with SPO and Transmission Agreement.

3. RDC with SPO and Transmission Agreement.

I. Analysis of Advantages and Disadvantages of Each Labour Model

1. Advantages of Non-Union

The following are the advantages of executing the transmission construction work non-union:

(a) No operational restrictions imposed by collective agreement.

(b) No restrictions on hiring permitting contactors to more easily comply with any IBA and Benefits Strategy (adjacency and diversity).

(c) Non-union labour rates generally lower.

(d) Lower cost to administer and manage workforce non-union.

2. Disadvantages of Non-Union

The following are the disadvantages of performing this scope of work non-union:

(a) Risk of union organizing drive and subsequent strikes impacting schedule and productivity.

(b) In the event of unionization, this scope of work would likely be considered heavy civil and would fall under the jurisdiction of multiple construction unions as this scope of work is incidental to a major project. This would result in the CLRA having significant influence over this scope of project work and would likely result in multiple certification applications for each union.

(c) Escalating labour costs associated with first contract collective agreement if some or all of the non-union sites are unionized.

(d) Potential negative work environment and poor public image that could potentially be associated with the LCP as a result of a union organizing drive.

(e) Difficulty in attracting unionized skilled tradespersons who typically prefer not to work non-union.

(f) With no employers association, it may be more difficult for Nalcor to have control or influence over labour relations, human resources, diversity obligations, adjacency obligations and IBA obligations.

3. IBEW Wall-to-Wall with SPO and Transmission Agreement

The following are the advantages of this type of labour model:

(a) Nalcor has longstanding and positive relations with IBEW on numerous levels.

(b) IBEW Local 1620 specializes in this scope of work.

(c) As the IBEW is a member of the RDC in the event of a labour shortage, the IBEW would be in a position to attract tradespersons from other RDC member unions.

(d) The IBEW locals are among the most progressive unions in the Province in the area of diversity. IBEW Local 2330 has the highest number of female members among construction unions in the Province with approximately 100.

(e) The IBEW has had positive experience in supporting IBA obligations in Labrador.

(f) IBEW Business Managers have taken a progressive view in regard to embracing new construction methodologies and labour relations models to enhance productivity. IBEW members will typically work in composite crews. The IBEW provided members to Marystown Shipyard site for the White Rose Project and to the Terra Nova Project, being non-traditional project agreements for the Province.

(g) Uniform terms and conditions of employment for entire project period.

(h) Known labour costs for entire project period.

(i) Labour stability for entire construction period.

(j) Nalcor will control the employers association and will be able to have a high level of influence over the management of industrial relations, human resources, health and safety, environment, adjacency, diversity and any IBA commitment has changed slightly.

(k) Easier to impose uniform project standards, training, orientation, drug and alcohol, safety, etc., through employers association.

4. Disadvantages of IBEW Wall-to-Wall with SPO and Transmission Agreement

The following are the disadvantages of this type of labour model:

(a) Labour costs will be higher than non-union labour costs.

(b) Extra administrative costs associated with union contract administration and grievance management.

(c) A single wall-to-wall IBEW local may limit the ability to attract the range of trades needed to execute this scope of work.

(d) RDC may perceive utilizing the IBEW as favouritism which may negatively impact negotiations for a project agreement for the Generating Facility.

5. Advantages and Disadvantages of RDC with SPO and Transmission Agreement

Many of the advantages outlined for an SPO with a Wall-to-Wall Agreement with the IBEW are generally applicable in this labour model with the following exceptions:

(a) Most traditional trades have had positive experiences in supporting IBA obligations on other projects in Labrador, however, many of the traditional trades have not been accepting of diversity or adjacency.

(b) Potential operational restrictions imposed by jurisdictional work rules.

(c) Extra administrative costs associated with union contract administration and grievance management as a result of dealing with multiple unions.

(d) Potential hiring restrictions impacting any IBA commitments and Benefits Strategy (adjacency and diversity).

(e) Resources to train residents of Labrador, meet any IBA obligations and Benefits Strategy (adjacency and diversity).

(f) Utilize union hiring halls and union travel cards in the event of a labour shortage.

J. Recommendations

1. We recommend against performing this work non-union, as a scope of work of this magnitude would be vulnerable to a union organizing drive, which could impact productivity, labour costs and schedule.

2. It is recommended that this scope of work be unionized and included under an SPO. It is our view that after conducting analysis of the advantages and disadvantages of each potential labour model, the risks to Nalcor in executing this scope of work can be best managed under an SPO on condition that a Transmission Agreement can be achieved within the parameters set out in paragraph 4 below.

3. We recommend a separate SPO for the transmission component of the LCP for the following reasons:

   (a) The transmission lines will be constructed in remote areas and therefore, there are different geographical considerations than those taken into account at the Generating Facility.

   (b) The construction schedule for the transmission line is different.

   (c) The terms and conditions of the Transmission Agreement will be different than the terms and conditions of the Generating Facility Agreement, given the different construction considerations, different construction methodologies and different geographical areas.

   (d) The union bargaining agent will be different than the bargaining agents for the other scopes of work.

   (e) The employers association will have a different makeup than the employers association for the other scopes of work.

4. If an SPO is utilized, we recommend that a Transmission Agreement be entered into with the IBEW 1620, provided the union satisfies Nalcor that it can provide a sufficient workforce for this scope of work and provided an agreement can be achieved within the following key parameters:

   (a) Name-hiring within reasonable parameters to support any potential IBA obligations and Benefits Strategy (adjacency and diversity).

   (b) Name-hiring within reasonable parameters so contractors can hire key employees, which will be important to contractors' overall productivity management plans.

   (c) Aboriginals, underrepresented groups such as females and residents of the Province who possess the required qualifications be permitted to join the applicable union with a nominal or no initiation fee and ongoing reasonable union dues.

   (d) Full flexibility in work assignments support a team based approach for executing construction work.

   (e) Full flexibility in creating work schedules to support construction activities.

   (f) Reasonable financial terms can be achieved.

(g) Other appropriate terms and conditions to support this scope of work being completed on schedule and within budget.

5. If the IBEW 1620 will not agree to the terms and conditions of the Transmission Agreement outlined in paragraph 4 above, we recommend that the traditional trades with the necessary skills to perform this scope of work effectively be utilized on condition that they will enter into a Wall-to-Wall Agreement within the key parameters outlined in paragraph 4 above.

6. If terms of a Wall-to-Wall Transmission Agreement or Project Agreement cannot be achieved within the parameters outlined in paragraph 4 above, we recommend consideration be given to lobbying the Province to enact regulations to support IBA obligations, the Benefits Strategy and construction needs. Such amendments would address the following issues:

(a) Prohibit work assignment restrictions;

(b) Prohibit refusing to handle non-union labelled materials or materials produced at a unionized site which is on strike;

(c) Specify maximum union dues and initiation fees;

(d) Provide for automatic admission to union membership by qualified individuals;

(e) Require hiring to support Benefit Strategy (adjacency and diversity) and any IBA commitments.

There is a precedent for this type of regulation at Bull Arm. While legislated resolution is typically a last resort and not desirable, such legislated change or potential legislated change may provide the necessary leverage to assist more enlightened union leaders among the RDC to obtain buy-in on a Transmission Agreement within the parameters of paragraph 4 outlined above.

K. Process to Obtain IBEW Commitment to Required Conditions

1. In order to ensure IBEW Local 1620 is the appropriate bargaining agent and will commit to the conditions outlined above, we recommend the following:

(a) Substantially complete all preparation for collective bargaining prior to meeting with the representatives of the IBEW 1620 so that all key language requirements and bargaining objectives can be clearly identified.

(b) Meet with Robert Blakely, the Director of Affairs of the Canadian Building Trades Council; Mike Powers, the Regional International Representative of the IBEW;

Terry Rowe, the President of IBEW 1620; and Phil Flemming, the International Vice-President of the IBEW, to obtain their buy-in and commitment to the conditions outlined above.

8.0 Muskrat Falls Generating Facility

A. Scope of Work

The Generating Facility will include a dam with two sections, one on the north and the other on the south side of the river. The other section will be approximately 32 m high and 432 m long, with an overflow crest elevation of approximately 40 m, while the south section will be approximately 29 m high and 326 m long, with a top elevation of approximately 45 m. The Generating Facility will also include an approach channel, an intake structure, a powerhouse, a trail raise and a spillway. The powerhouse will contain four propeller or Kaplan turbines or a combination thereof. The Reservoir will have a length of approximately 60 km at FSL of 39 m. At FSL the Reservoir will have a service area of 101 km^2 and will inundate a land area of approximately 41 km^2. There will be a 230 KBAC terminal station at the Generating Facility.

B. Labour Requirements

1. Direct Labour

Type of Activity	Quantity	Traditional Construction Jurisdiction
Secretaries – Except Legal and Medical	8	Operating Engineers
General Office Clerks	89	Operating Engineers
Record Management & Filing Clerks	4	Operating Engineers
Accounting & Related Clerks	7	Operating Engineers
Payroll Clerks	6	Operating Engineers
Production Clerks	6	Operating Engineers
Transportation Route & Crew Schedulers	6	Teamsters
Land Surveyors	15	Labourers
Land Survey Technologists & Technicians	23	Labourers
Registered Nurses	2	Teamsters
Ambulance & Other Paramedic Occupations	1	Teamsters
Other Protective Service Occupations	2	Operating Engineers
Security Guards & Related Occupations	22	Hotel & Restaurant
Janitor, Caretakers & Building Superintendents	17	Labourers
Supervisors, Machinists & Related Occupations	1	Carpenters/Millwrights
Contractors, Supervisors, Electrical Trade &	33	IBEW
Contractors & Supervisors Pipefitting Trades	14	UA
Contractors & Supervisors Metal Forming, Shaping	8	Ironworkers/Boilermakers
Contractors & Supervisors Carpentry Trades	35	Carpenters

Type of Activity	Quantity	Traditional Construction Jurisdiction
Contractors & Supervisors Mechanical Trades	12	UA
Contractors & Supervisors Heavy Construction	72	Operating Engineers
Contractors, Supervisors & Construction Trade	9	Labourers
Electricians (Except Industrial and Power System)	34	IBEW
Industrial Electricians	98	IBEW
Electrical, Power & Cable Workers	18	IBEW
Plumbers	11	UA
Steamfitters, Pipefitters & Sprinklers System	30	UA
Ironworkers	67	Ironworkers
Welders & Machine Operators	17	Operating Engineers
Carpenters	135	Carpenters
Bricklayers	2	Bricklayers
Concrete Finishers	12	Bricklayers
Roofers & Shinglers	8	Carpenters
Construction Millwrights & Industrial Mechanics	49	Millwrights
Heavy Duty Equipment Mechanics	139	Operating Engineers
Automotive Service Technicians, Truck Bus	5	Teamsters
Crane Operators	39	Operating Engineers
Drillers, Blasters, Service Mining & Quarrying	32	Operating Engineers
Truck Drivers	172	Teamsters
Heavy Equipment Operators (Except Cranes)	173	Operating Engineers
Boat Operators	5	Operating Engineers
Automotive Mechanical Installers & Servicers	27	Teamsters
Material Handlers	5	Labourers
Construction Trades, Helpers & Labourers	288	Labourers
Other Trades, Helpers & Labourers	8	Labourers

2. Indirect Labour

Type of Activity	Traditional Construction Jurisdiction
Non-Union Supervision	Non-Union
Field Engineering	Non-Union
Survey Crews	Labourers
Environmental Monitoring Erosion Control	Non-Union
Fuel Trucks	Teamsters
Crew Transport	Teamsters
Office Staff	Operating Engineers
Temporary Building Maintenance	Labourers
Fire Protection	Operating Engineers
Sanitary Services	Labourers
Camp	Hotel & Restaurant

C. Labour Force Skill Requirements

The following are skill level requirements for this scope of work:

1. Crane operators and heavy equipment operators. Crane operators are highly skilled and as of January 1, 2011, will require a red seal certification of apprenticeship or journeyman status. While there is no red seal designation for heavy equipment operators, these operators are highly skilled and require considerable experience.

2. Heavy formwork falling under the jurisdiction of Carpenters requiring a journeyperson ticket or apprenticeship qualifications.

3. IBEW linespersons and industrial electricians, both requiring a journeyperson ticket or apprenticeship qualifications.

4. Mechanical trades, being Ironworkers, Boilermakers and UA, each requiring a journeyperson ticket or apprenticeship qualifications.

5. Truck drivers requiring driving certifications and experience.

6. Maintenance support for equipment requiring a journeyperson ticket or apprenticeship qualifications.

7. Indirect labour requirements requiring either a university degree, red seal or a certification include cooks, paramedics, nurses and security.

8. Indirect labour requirements that are semi-skilled include camp attendants and labourers.

D. Potential Labour Sources

The following are potential labour sources:

1. There is an Innu workforce, both skilled and unskilled, available. Under the proposed IBA, there exists an obligation to train and employ Innu to perform a portion of this scope of work.

2. There is a labour force in Labrador with the required qualifications to perform a portion of this scope of work. Under the terms of the Benefit Strategy, qualified residents of Labrador will be provided preferential hiring treatment over individuals from Newfoundland.

3. There are available female workers, skilled and unskilled. Under the terms of the Benefit Strategy, there is an obligation to provide training and hiring opportunities to females.

4. The RDC and its members in the Province can provide workers from their hiring halls.

5. The RDC International members can provide members from other Canadian jurisdictions by way of travel cards.

6. The RDC and its International members can facilitate skilled tradespersons on travel cards from the United States.

E. Nalcor Energy's Areas of Potential Influence Over This Scope of Work

The following are activities or factors which may cause Nalcor to desire to have some control or influence over this scope of work:

1. Health and safety management system to ensure high safety standards and consistent standards, policies and procedures.

2. Each component of this project will have high visibility and will be closely identified with Nalcor.

3. Labour relations and human resources management system to ensure project standards, work rules and policies are consistent while supporting a respectful work environment.

4. Labour productivity management systems to ensure productivity is measured and managed to ensure labour productivity is maximized.

5. Environmental management system to ensure consistent standards are enforced throughout each component of the project.

6. Potential IBA commitments which may include training, hiring and business opportunities.

7. Adjacency and diversity commitments contained in Benefits Strategy are respected.

F. Potential Labour Risks

1. Ability to attract and retain sufficient qualified workers, given the remote area, competition for workers with other projects within the Province, and the competition for workers in other areas of Canada.

2. Labour stability.

3. Below budgeted levels of labour productivity impact construction schedule and costs.

4. Below budgeted levels of productivity caused by ineffective implementation of IBA diversity or adjacency obligations.

G. Potential Labour Models

1. Utilize RDC with SPO and Generating Facility Agreement.

2. Wall-to-wall single union with SPO.

H. Analysis of Advantages and Disadvantages of Each Labour Model

1. Advantages of RDC with SPO and Generating Facility Agreement

The following are the advantages of this type of labour model:

(a) Uniform terms and conditions of employment for entire construction period.

(b) Known labour costs for entire construction period.

(c) Labour stability for entire construction period.

(d) Nalcor will control employers association and will be able to influence the management of industrial relations, human resources, labour productivity and related matters.

(e) Easier to impose uniform project standards, training, orientation, drug and alcohol, safety, etc., through employers association.

(f) Utilize union training resources to support any IBA and Benefits Strategy (adjacency and diversity).

(g) Utilize union hiring halls and travel cards to mitigate against any potential labour shortage.

(h) RDC members have generally had positive experience in supporting IBA obligations in Labrador.

2. Disadvantages of RDC with SPO and Generating Facility Agreement

The following are the disadvantages of this type of labour model:

(a) RDC has historically been fragmented, which can negatively impact industrial relations and productivity.

(b) Potential operational restrictions imposed by jurisdictional work rules, which can negatively impact productivity.

(c) Potential hiring restrictions impacting any IBA and Benefits Strategy (adjacency and diversity).

(d) Restrictions on hours of work impacting schedules and productivity.

(e) Expensive built-in shift premiums, typically double time Saturday and Sunday for regularly schedule work days.

(f) Potential restrictions limiting ability to join unions, which would negatively impact any IBA obligations and Benefits Strategy.

(g) Potential high union initiation fees and union dues that would negatively impact any IBA obligations and Benefits Strategy.

3. Advantages of Wall-to-Wall Single Union with SPO

A wall-to-wall single union agreement for major construction work is becoming more common in other parts of Canada especially Alberta, British Columbia and Saskatchewan. The main unions that create these wall-to-wall models are CLAC and Communications, Energy and Paperworkers Union ("CEP").

The main advantages of wall-to-wall single union agreements are as follows:

(a) No jurisdictional mark-ups.

(b) Unlimited Name-hiring.

(c) Highly flexible hours of work with lower premiums.

(d) Ability to utilize a team-based approach with no jurisdictional restrictions.

4. Disadvantages of Wall-to-Wall Single Union with SPO

The following are the disadvantages of this type of labour model:

(a) This type of labour model has never been utilized and would be highly resisted by RDC members, which would make it difficult to attract tradespersons from competing projects in the Province. The utilization of this type of labour model would likely result in labour unrest.

(b) Even if tradespersons could be attracted to work in this labour model it would be difficult to eliminate historical work practices which affect operational efficiencies (as occurred at Terra Nova).

I. Labour Model Recommended

Subject to the conditions set out below, we recommend the Generating Facility construction be performed utilizing traditional construction trades as follows:

1. Constitute a Lower Churchill employers association to be the bargaining agent for Nalcor's interests and future contractors.

2. Recognize the RDC as the bargaining agent for construction workers.

3. Negotiate a Generating Facility Agreement for all construction workers engaged in this scope of work.

4. Seek a SPO designation with a geographical area and scope of work to encompass all construction associated with the Generation Facilities. (Consider ancillary sites such as staging areas and Port facilities at Goose Bay.)

J. Conditions for Recommending Traditional Construction Trades Model

Prior to committing to the RDC as the bargaining agent for this scope of work, the following issues must be addressed to the satisfaction of Nalcor:

1. Civil Trades' Control of RDC

The RDC until recently was controlled by the mechanical trades who typically utilized hard nosed tactics, which were common in the 1980's and 1990's. Recently, the RDC leadership has transitioned to Carpenters' President Gus Doyle. Mr. Doyle and the Carpenters support a more enlightened approach to the management of labour relations and are supportive of a team-based approach for the execution of construction work.

We recommend that the RDC be reconstituted as a separate council for the LCP or realigned for this scope of work so that the RDC is controlled by the construction trades who will be predominately performing this scope of work. These trades include:

(a) The International Brotherhood of Teamsters and Local Union 855;

(b) United Brotherhood of Carpenters and Joiners of America and Local Union 579;

(c) United Brotherhood of Carpenters and Joiners of America and Millwrights Local Union 1009;

(d) International Association of Bridge, Structural, Ornamental and Reinforcing Ironworkers and Local Union 764;

(e) International Brotherhood of Electrical Workers and Local Union 1620;

(f) International Union of Operating Engineers and Local Union 904;

(g) Labourers' International Union of North America and the Construction and General Labourers' Union, Rock and Tunnel Workers Local 1208; and

(h) International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers and Local Union 203.

2. RDC Strong Leadership with the Leadership of International Unions Being Engaged

The RDC has historically been a fragmented group that tended to allow individual unions to pursue their own self interests on jurisdictional issues and grievances. One of the main reasons for this fragmentation has been the lack of participation in the day to day administration of major project agreements by the international unions who control 50% of the RDC. Most of the leaders of the international unions that will be performing a significant portion of this scope of work, have an enlightened approach to labour relations management and acknowledge the construction trades need to change from their protectionist confrontational approach. These leaders include:

(a) Canadian Director, International Union of Operating Engineers

(b) Darrell LaBoucan – Executive Director of Canadian Affairs, International Association of Bridge, Structural and Ornamental Ironworkers

(c) James Smith – Vice President, Canada, United Brotherhood of Carpenters and Joiners of America

(d) Roy Finley – Director of Construction, Teamsters Canada

It is recommended that a commitment be obtained from the RDC leadership that the RDC will act as a single entity and that the RDC will exercise strong leadership with proactive participation by the leadership of the international unions.

3. Key Parameters of Generating Facility Agreement

It is our recommendation that agreement in principle be achieved within the following parameters:

(a) Name-hiring to support any potential IBA obligations and Benefits Strategy (adjacency and diversity).

(b) Name-hiring within reasonable parameters so contractors can hire key employees, which will be important to the overall productivity management plan.

(c) Aboriginals, underrepresented groups such as females, residents of the Province who possess the required qualifications be automatically admitted to union membership with a nominal or no initiation fee.

(d) Ongoing union dues with a reasonable cap.

(e) Ability to utilize composite crews and no or limited jurisdictional mark-ups.

(f) Full flexibility in creating work schedules to support construction activities.

(g) For commissioning, Owner to have the right to utilize operational employees, vendors' employees or composite crews to perform commissioning work.

(h) Owner permitted to take over any portion of the site or piece of equipment upon substantial or partial completion to ensure the affected scope of work is completed on time and on budget (traditional trades have a history of decreasing productivity near the end of a project).

(i) Layoff language so that employees are retained on the basis of competency and qualification, not seniority, so as to maintain productivity levels as the project winds down.

(j) Reasonable financial terms including gross hourly rate and premiums.

(k) Other appropriate terms and conditions to support this scope of work being completed on schedule and within budget.

K. Process to Obtain RDC Commitment to Required Conditions

In order to ensure the RDC is the appropriate bargaining agent and will commit to the three conditions outlined, above we recommend the following steps:

(a) Substantially complete preparation for collective bargaining prior to meeting with representatives of the RDC so that all key language requirements and bargaining objectives can be clearly identified.

(b) Meet with Robert Blakely, the Director of Affairs for the Canadian Building Trades Council, Gus Doyle, President of the RDC and David Wade, the Executive Director of the RDC, to obtain their buy-in and commitment to the conditions outlined above.

(c) After obtaining buy-in from Robert Blakely, Gus Doyle and David Wade the next step would be to secure support and buy-in of the key construction trades by meeting with each international representative and local business agent together.

L. Legislative Leverage to Obtain Buy-In

If the terms of a Generating Facility Agreement cannot be achieved within the parameters outlined in paragraph 3 above, we recommend consideration be given to lobbying the Province to enact regulations to support IBA obligations, the Benefits Strategy and construction needs. Such amendments would address the following specific issues:

(a) Prohibit work assignment restrictions;

(b) Prohibit refusing to handle non-union labelled materials or materials produced at a unionized site which is on strike;

(c) Specify maximum union dues and initiation fees;

(d) Provide for automatic admission to union membership by qualified individuals;

(e) Require hiring to support Benefit Strategy (adjacency and diversity) and any IBA commitments.

There is a precedent for this type of regulation at Bull Arm. While legislated resolution is typically a last resort and not desirable, such legislated change or potential legislated change may provide the necessary leverage to assist more enlightened union leaders among the RDC to obtain buy-in on a Transmission Agreement within the parameters of paragraph 3 outlined above.

9.0 A.0 Activity Flowchart (Excel Format)

A.1. [Option to include Activity Flowchart Sub-headings. If not used, insert N/A.

10.0 B.0 Attachments/Appendices

B.1 Attachment 1 – [Title] If not used, insert N/A.