JUL 15 1996

Ms. Jackie Simpson
President
Union of Northern Workers
SUITE #200, 5112-52ND STREET
YELLOWKNIFE NT X1A 1T6

Dear Ms. Simpson:

Collective Agreement Implementation

The Financial Management Board (FMB) has formally approved the terms for a Collective Agreement as set out in my letter of April 19, 1996 to your predecessor, Mr. Darm Crook. The FMB also approved rates of pay for non-continuous employees and mandatory leave days for non-continuous employees as set out in the attached schedules. Now that we have a Collective Agreement that has been formally ratified by the two parties, there are implementation issues that have to be addressed. In this letter, I will set out how we propose to implement the terms of the Collective Agreement.

Formal Signing

Past practice has been to set an effective date of signing close to the date of ratification by our principals. This date is then noted on the signing page which is circulated to the signatories for signing. Once all signatures are obtained, the signing page is incorporated in the Collective Agreement for printing. We propose that the signing date be set as July 15, 1996. The signing page is attached for your review.

Proofing, Printing and Distribution

A draft copy of the Collective Agreement is attached for your review to ensure that we have accurately incorporated the provisions that we negotiated and were ratified by our principals. We will also review the document again. Once we are both satisfied that the document is accurate, we will produce and distribute a limited supply of "quick print" copies to departments and the Union. As soon as all the signatures are obtained on the signing page, the Collective Agreement will be immediately sent for mass printing. A copy of the Collective Agreement will be sent to each manager and employee as soon as the printing work is completed.

Mr. Mark Kent and Ms. Sharilyn Alexander are available to answer any questions you may have concerning the proofing, printing and distribution of the Collective Agreement.

Administration of Salary for Mandatory Leave

When we met on July 9, 1996 to discuss matters concerning the ratification of the Collective Agreement by the Union membership, you raised the issue of splitting the mandatory leave without pay days more evenly over two pay periods to minimize the impact on employees. I reviewed this concern with our pay administrators. They recommend instead that we administer the pay for the mandatory leave without pay days off by recovering a portion of the pay for the mandatory leave without pay days from each bi-weekly pay cheque and paying this money to employees on their mandatory five days leave without pay. This method of administering employees pay will enable employees to receive a regular pay cheque on their mandatory five days of leave without pay.

We will need to know very quickly if you are interested in this method for administration of mandatory leave as we require lead time to program the payroll system. Ms. Gina Bourke and Ms. Sylvia Haener are available to answer any questions you may have concerning pay administration issues.

Non-Continuous Rates of Pay

When we met on July 9, 1996 you also asked for a description of how we arrived at the rates of pay for non-continuous employees. The formula for calculating the pay grid was described as "formula 2" in my letter of April 19, 1996 to Mr. Crook. The rate to be netted out of the current pay grids after adding the $5,400 is 4.43% for employees in non-continuous operations. The 4.43% is the rate which meets the requirement outlined in the package that was ratified: "the rate to be netted out must achieve the same results on the overall cost of wages and benefits as if all employees were in continuous operations".

The factors used to determine the cost of the five days leave without pay were:

1. The value of reduced costs for non-continuous employees resulting from the five days leave without pay taking into account salary, bilingual bonus, Northern Allowance and UIC, CPP and WCB benefits.

2. The value of the increased costs for non-continuous employees resulting from higher annual rates of pay to overtime, UIC, CPP, WCB, Superannuation, DI and Sub Plan Benefits. Also, the cost of standby and callback were factored in.

Mr. Kent is available to answer any questions on the application of these factors to calculate the 4.43% rate.

Changes to HC/CN and HC/HN Pay Categories

The effective date for the changes to the above noted categories is April 1,1996 as we discussed on July 9, 1996.

Changes to Casual Rates of Pay

The rates of pay for casual employees are anticipated to be reflected on the July 26, 1996 pay. However, if programming the changes cannot be completed for July 26, 1996 the casual rates will be reflected on the August 9, 1996 pay. This is being done to avoid further overpayments and recoveries.

Implementation of Changes to Rates of Pay and Northern Allowance

Employees who receive Vacation Travel Assistance payment on their July 12, 1996 pay, will be contacted and asked to refund the payment in full. Unfortunately, it is too late to pull and recalculate the pay cheques for these employees.

Employees who have received a Vacation Travel Assistance payment after March 31, 1996 or who do not refund in full the Vacation Travel Assistance received on the July 12, 1996 pay, will have the payment recovered from their pay in equal installments based on 20% of their net income in which the first installment is made. The payroll system will have to be programmed to process the recovery. We anticipate that the recovery will commence on the August 9, 1996 pay.

We also anticipate that the payroll programming work will be completed in time to implement the remaining changes on the August 23, 1996 pay. These changes will involve calculating increases in rates of pay and entitlement to Northern Allowance and overpayments in Accommodation Allowance and Settlement Allowance retroactive to April 1, 1996. Any money owing to the employee will be paid on the August 23, 1996 pay cheque if the programming work is completed in time.

Employees will be provided an written explanation of the changes to their pay on the first pay in which the changes are implemented.

I believe this addresses the issues that we discussed on July 9, 1996. If you have other issues or questions, please give me a call.

Sincerely,

Original Signed by
HERB HUNT

Herb Hunt
Director, Labour Relations and Compensation

Attachments