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NEWFOUNDLAND & LABRADOR
employers'
COUNCIL

NEW BEGINNINGS
ANNUAL PERFORMANCE REPORT

Message from the **CHAIR**



A new beginning

In 2012 the NLEC Board of Directors laid a foundation designed to move the association into its next chapter of success. The governance change passed by the general membership last June, means new ideas and visions will be more readily available to build upon the NLEC's past and present.

A new slate of directors was recently elected under that new governance structure. The incoming board inherits an association that is stronger than ever and well positioned to build on past successes. Persistent and focused efforts on issues such as payroll tax led to success in influencing provincial government budget priorities. Relationship building with elected representatives and the media led to employment insurance reform. These achievements are leading to strong member engagement and satisfaction with the NLEC. As an association of employers, we need to continue to provide the public and our political representatives with strong positions rooted in sound business principles.

It will be very interesting to see what the new governance structure will yield and what the incoming Board will do with the strong foundation that has been created. There are some very talented individuals taking over the board and I have every confidence in their ability to take the association even further. I believe strongly that the change created this year will be a catalyst for further success and that the new board will push strongly forward.

My role in the association is changing. On November 28th, 2012 I will become the past chair of the NLEC and ex-officio on the incoming Board of Directors. I will also have to say goodbye to many talented and dedicated professionals who, because of the governance change, step down from the Board.

Never before in my career have I had the opportunity to work with such an impressive group of volunteers. Many of them have given significantly of their time, talents and resources and it would be impossible to do justice to their contribution in a short message to the membership. All I can really say is, thank you. Thank you for your support and your belief that by working together toward common goals, we can strengthen our province and our position in the world.

Thank you and best of success in the future,

A handwritten signature in cursive script that reads "Lisa Hollett".

Lisa Hollett
Chair of the Board

Message from the **EXECUTIVE DIRECTOR**



Your association has entered a new era of public policy influence and momentum. Advocacy success in 2011 -2012 included significant victories that include Employment Insurance reforms, a promise to eliminate the payroll tax, and significant movement on the provincial government's fiscal and budget priorities. 2012 also marked the successful conclusion of a three year defensive lobby to protect the rights of employers to utilize temporary replacement workers. These advocacy successes have led to an increase in members and membership support. The NLEC has momentum like never before. Members I speak with are very excited about the association's direction and its future.

What is bitter sweet about these successes is that many of the individuals responsible for the NLEC's current momentum are leaving the Board of Directors.

During the winter of 2012, the Board of Directors undertook a process of examining the governance structure of the NLEC. That review culminated in a Special General Meeting of the membership and the passing of a resolution that, among other things, reduced the size of the Board and instituted term limits for Board members. The result was that many longstanding NLEC Directors retired from the Board.

The NLEC is, for many of these individuals, more than just networking. It is something they believe in, value and has become something very personal. Stepping down from the Board will not change any of that.

The membership and the employer community owe a significant debt to these many longstanding Board members. I encourage you to take a moment and read their names at the back of this annual report and create an opportunity to thank them for their many years of service. They have provided exceptional leadership for your association and have acted selflessly for the good of all employers.

By changing the governance structure and letting go they have done what great leaders do – create the conditions for **others** to succeed. Their vision and direction will not be forgotten.

Thank you,

A handwritten signature in black ink that reads "Richard Alexander". The signature is written in a cursive, flowing style.

Richard Alexander
Executive Director

2011-12 Annual

PERFORMANCE REPORT

September 1, 2011 – August 31, 2012

A new strategic direction for the NLEC

Building on the success of past strategic plans, NLEC Board of Directors initiated another review of the direction of the NLEC during 2012. This process resulted in a new mission and approach for the association that was officially adopted on May 25th, 2012.

The strategic planning process identified that the NLEC was focused in the correct areas but that the organization's success could be enhanced through an increased focus on advocacy. The Board determined that advocating for employer interests to government and governmental agencies was the core reason for the NLEC to exist and that all other functions of the NLEC needed to support that end. It was determined that focusing on the core reason for the NLEC existence would enable the organization to achieve a greater return on investment for the membership's limited resources.

Under the new strategic direction the NLEC will continue to offer training and communication, but those functions only exist to serve the core mandate of the NLEC. Also identified was the opportunity for the NLEC to expand its relationships with key decision makers within member organizations and key decision makers within government in order to further those advocacy initiatives. Meetings with key decision makers have been ongoing for the last several months and have already yielded success.

The revised mission and approach is found on page 6 of this annual report.

A new governance structure for the NLEC

On June 28th, 2012 the general membership passed a motion (recommended by the Board of Directors) to alter the governance structure of the NLEC. This vote was conducted at a special general meeting of the membership.

The NLEC Board of Directors recognized there was a need to modify and modernize the governance structure of the organization to meet several challenges experienced in recent years. The governance structure was modified to accomplish several things:

- Encourage members to participate in the Board of Directors,
- Enhance engagement of the Board of Directors; and,
- Facilitate the movement of directors into Executive Officer positions including the role of Chair.

The motion reduced the number of directors from 16 to 11, eliminated the Executive Committee, removed regional director positions and broadened/ revised the structure of sector representation on the board. It also introduced term limits for Directors as well as Executive Officers.

The Newfoundland and Labrador Employers' Council

MISSION AND APPROACH

Approved by the NLEC Board of Directors May 25th, 2012

Mission Statement: *Advocating for employment policies that enhance the contribution of employers to economic growth and prosperity.*

Building on a history of employers helping employers, we serve our members through:

1. Developing strong employer positions by:

- Monitoring and identifying current and emerging employment policy issues.
- Engaging senior business leaders to identify priority employment policies.
- Leveraging the resources of our membership to develop positions on employment policies.

2. Representing employer interests to government and governmental agencies by:

- Establishing and maintaining relationships with senior decision makers within government and its agencies.
- Lobbying proactively to make our positions a priority for government and government agencies.
- Lobbying on employment policies raised by government and other organizations that impact the ability of employers to contribute to economic growth and prosperity.

3. Informing public opinion regarding employment policy issues by:

- Executing public relations strategies to inform, educate and persuade the public.
- Balancing commentary that is damaging to the ability of employers to contribute to economic growth and prosperity.

4. Providing employers the opportunity to learn, discuss and engage on employment policy issues by:

- Facilitating educational opportunities that will enhance the contribution of employers to economic growth and prosperity.

5. Offering individual employers employment related advocacy, assistance and advice by:

- Providing support to members on our priority employment policies.
- Providing information, assistance and advice to employers on employment related issues through Employer Advisor services.

NLEC STRATEGIC OBJECTIVES:

1. Develop strong employer positions
2. Represent employer interests to government and governmental agencies

HIGHLIGHTS AND ACCOMPLISHMENTS

Modernizing our Employment Insurance system

For the past number of years the NLEC has been hearing from members that the Employment Insurance system has been causing significant difficulty for employers. The evidence to support this need included the Corporate Research Associates survey commissioned by the NLEC which showed 60% of employers had an employee request a lay-off to collect EI benefits and 41% of

employers reporting an individual turning down an offer of employment due to eligibility for EI benefits. The NLEC also heard from members about the tremendous difficulties caused by EI during NLEC regional member engagement meetings held across the province. Many employers in the province reported feeling like, in some cases, they were competing with the EI system for labour. It was clear that efforts by employers to deal with the increasing labour shortage in our province required a modernization of our employment insurance system.

Based on this feedback, the Board of Directors initiated a concerted public and private lobby to modernize and reform the federal EI system. Support for the NLEC's efforts came from many other groups including the Association of Seafood Producers, the Canadian Federation of Independent Business and the Mowat Institute (an Ontario based think tank). The NLEC met with Federal Parliamentary Secretary Dr. Kelly Leitch, Federal Minister of Immigration and Citizenship Jason Kenny and Federal Human Resources Minister Diane Finley to express our concerns and present our Corporate Research Associates findings, feedback from members and recommendations for reform to the EI system. The NLEC also generated significant media attention on the need for EI reform that included national coverage.

LABOUR Business leaders call for EI reform

By David MacFarlane
THE TELEGRAM

A trio of provincial business leaders say the time has come to review Canada's employment insurance (EI) program.

Speaking during a panel discussion at the Newfoundland and Labrador Employers' Council conference on the province's tightening labour market, Richard Alexander, the council's executive director, said EI is designed to address labour market conditions that don't apply anymore.

"The first thing I want to point out is that the board of the Employers' Council is not saying 'Let's scrap the EI system. Far from it,' he said, adding that employers are, for the most part, satisfied with the system.

"It's a good system. It's a system that is relied upon by workers and by employers in this province. However, there is a recognition out there that the system is structured to deal with a labour market where there are too few jobs and an excess supply of labour."

See SYSTEM, page D1



From left: Derek Butler, president of the Association of Seafood Producers; Bradley George, director of provincial affairs for the Newfoundland and Labrador branch of the Canadian Federation of Independent Business; Richard Alexander, executive director of the Newfoundland and Labrador Employers' Council; and Lisa Helleit, chairwoman of the Employers' Council, during a panel discussion on the effects of social programs on the province's labour market. — Photo by Daniel MacFarlane/The Telegram

System inhibits labour mobility ... Continued from page D1

"What we have now in Newfoundland and Labrador is a reverse of that. We have high demand for jobs and low levels of supply and all the host of problems that accompanies that challenge," Alexander said, adding that applying the EI system to today's labour market has unintended consequences, including workers turning down offers of employment in exchange for EI benefits.

"A tight labour market enables that to happen more readily than a market where there's excess supply, because the fear of, when it's exhausted, not being able to find a position is greatly diminished."

Alexander said the other consequence is the current system inhibits labour mobility.

"If you have two areas, one with high unemployment, another area with low unemployment, you would expect to see, over time, people migrating from one area to the area where there's more economic opportunity, and that eventually, over time, you would see the employment level in both of those areas level off and be similar or at least close to being similar."

But Alexander cited new research by the Mowat Institute that suggests unemployment disparity actually grows.

Bradley George, the director of provincial affairs for the Newfoundland and Labrador branch of the Canadian Federation of Independent Business, said employment insurance problems are a perennial concern for his federation's members, and his organization did a survey to find out why.

"Nationally, 22 per cent said they had difficulty hiring because employees would rather be on EI. That number was close to half here in this province. Of course that was highest in the country," he said. "It's obviously an issue we need to deal with.... This is not just an issue for the oil business sector. This is an issue for the small- and medium-sized business as well. We need to make the system more accountable."

Derek Butler, president of the Association of

Seafood Producers, said employment insurance is a sensitive issue for the province's fishing industry.

"I represent, clearly, what is obviously a seasonal industry, and that can only change within the confines of weather, climate and how the EI system reacts to us," he said, adding that EI has been the "backbone" of the fishery for nearly 70 years.

"It is a crucial element of the fishery, and I'm pleased to hear Richard say the goal is not to eliminate EI or get rid of EI; it's about addressing our collective labour shortages on a case-by-case basis."

Butler said the fishery is still a major contributor to the provincial economy, but they still can't get workers into the plants and onto the boats.

"Having access to EI as an income supplement will, going forward as it has present in date, not suffice in attracting people to this industry."

The panelists stressed criticism of the system is not an attack on people who use the system to their maximum advantage. After the discussion, Alexander acknowledged EI reform is a timely subject in this province, politically and culturally, but it's a discussion that needs to happen.

"It's going to open up, because we're going to force it to open up," he said. "When we go across the province and talk to employers, this is not a little issue. This is one of their main issues. And I work for a board of directors and the board of directors is quite clear that we need to start pushing this discussion. I think if we can get away from thinking that this is an attack on workers to looking at how this might be a way to maximize economic opportunities, what's wrong with maximizing economic opportunities?"

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On May 24th, 2012 the Federal Government announced reforms to the EI system in Canada that closely reflected the concerns of the NLEC. The changes are designed to make EI a more efficient program, to remove disincentives to work, quickly connect people to jobs, and create three categories of EI recipients with a sliding scale of expectations for jobs they must accept. The longer or more frequently someone has been collecting EI benefits, the greater the requirement to expand the scope of their employment search in terms of type of work and wage. In most circumstances, Canadians will need to accept an available job within an hour's commute and no Canadian will be required to accept a job that pays less than 70% of their previous earnings. The Federal Government will also increase efforts to match unemployed job seekers with employers offering jobs in their area by e-mailing them two "job alerts" a day and increasing the sources these job alerts come from. They will also link the Temporary Foreign Worker program to the EI program to ensure the local labour market is exhausted before employers must turn to Temporary Foreign Workers to fill vacancies, a costly and onerous process for employers to undertake. Minister Finley said that the federal government will take into account personal and local circumstances as well as working conditions when reviewing EI claims and that the changes won't deny benefits to claimants in rural parts of the country if they cannot find employment nearby.



The Board of Directors felt that reforming the Employment Insurance system, although somewhat controversial, would be key to maximizing economic benefits for the people of our province. The NLEC's public and private role in this lobby, on behalf of members, played a significant role in this modernization of the EI system. The Board expects more reforms to be announced in the near future.

Framing the public debate on our Workers' Compensation system

January 16th, 2012 marked the start of the provincial government's statutory review on workers' compensation. This legislated review occurs every five years and is designed to make improvements to the Workers' Compensation system. Past reviews yielded many recommendations but little in the way of tangible results to alleviate the issues of cost and claim duration. This past year the NLEC Board of Directors initiated a well resourced advocacy campaign to address these two issues once and for all.

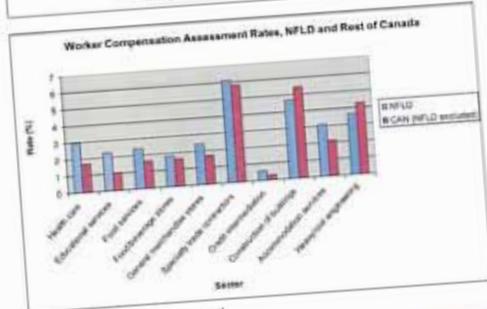
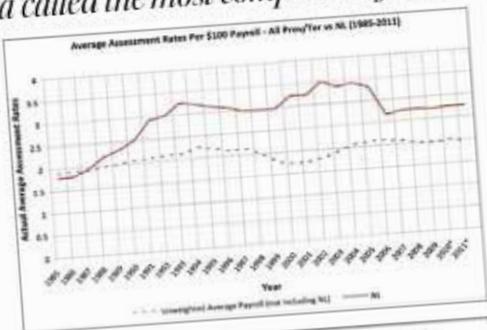
The NLEC successfully negotiated the ability to appoint a representative directly to the Statutory Review Committee. Mr. Claude Horlick was appointed by the NLEC Board to negotiate for employer interests at that table. Mr. Horlick is a retired labour relations professional from Memorial University and has been involved on NLEC advocacy committees for many years.

The development of the NLEC's position on changes required to the Workers' Compensation system was completed with recommendations focusing on legislative changes to reduce the cost structure of the system. The Board was not interested in policy recommendations that only focus on tinkering with the existing legislative structure. Twenty years of statutory reviews, strategic plans

and consultations resulting in little appreciable reduction in employer premiums or duration has proven that the legislative structure of the system is simply too expensive.

The NLEC Board of Directors also commissioned award winning economist Dr. Morley Gunderson of the University of Toronto's Centre for Industrial Relations and the Department of Economics to quantify the economic impact of high workers' compensation premiums on the economy of Newfoundland and Labrador. Dr. Gunderson's study was released on September 27, 2012 in St. John's and on November 8th, 2012 in Corner Brook. The report demonstrates that workers' compensation premiums are the highest of any province in Canada and have been since 1993. That rate is currently 42% higher than the Canadian average. Gunderson concluded that this excessive premium is negatively impacting businesses, employee wages, employee hires, the price of goods and services sold, investment, communities and the provincial economy as a whole. The Gunderson study provides an illustrated impact of what would happen 3 years after reducing our rate to the Canadian average. That reduction would result in multiple positive effects including: a \$60 million increase in investment, the creation of nearly 2000 jobs; and a \$330 million increase in GDP. Gunderson's research will be utilized to demonstrate the need for reforming the system throughout the Statutory Review.

Alberta called the most comparable jurisdiction



— Graphs from Morley Gunderson's report

This is not a lobby about trying to put more money into the pockets of employers. This is a lobby about making it easier for employers to increase wages for workers so we can compete with jurisdictions like Alberta.

Richard Alexander
NLEC executive director



Richard Alexander, executive director of the Newfoundland and Labrador Employers' Council, speaks at a news conference announcing the release of a study on the impact of high workers' compensation premiums on the Newfoundland economy. — Photo by Keith Gosse/The Telegram

N.L. has the highest premiums

Economist suggests lowering workers' compensation rates to stimulate business

By **BOYD BELL**
THE TELEGRAM

If workers' compensation insurance premiums were lowered in Newfoundland and Labrador, more than just employers would benefit, concludes a Toronto-based economist.

"Newfoundland has the dubious distinction of having had the highest workers' compensation payroll tax rate compared to all other jurisdictions since 1993, with the exception of the years 2007-2010 when it was slightly eclipsed by the Yukon and Northwest Territories," Morley Gunderson wrote in a report commissioned by the Newfoundland and Labrador Employers' Council (NLEC).

The council's executive director, Richard Alexander, presented the report to employers and the media Thursday.

See ALBERTA, page D1

Since the announcement of statutory review the NLEC has generated significant media attention related to the excessive costs of the system. So far the NLEC has been successful in focusing the public commentary surrounding statutory review on the issue of excessive premiums required to run the workers' compensation system in this province.

We expect statutory review to conclude sometime in the winter of 2013.

Achieving a promise to eliminate the "payroll" tax

Over the last few years, the NLEC lobbied heavily for the elimination of Health and Post Secondary Education Tax (also known as HAPSET or the payroll tax). The NLEC's lobby consisted of simultaneous public and private campaigns designed to demonstrate the negative impacts of this tax on labour. Due to the nature of taxing wages directly, HAPSET places downward pressure on salaries and employment. Newfoundland & Labrador is the only province in Atlantic Canada with such a payroll tax, causing our province's businesses to compete at a disadvantage against businesses operating in other provinces. The NLEC's efforts received significant attention from the media.

At the NLEC's Provincial Employment Relations Summit on September 15th, 2011, Finance Minister Tom Marshall told delegates, to "Watch the blue book. Maybe there's some good things there." Subsequently, the 2011 Progressive Conservative Party Policy Blue Book promised to work toward the elimination of the HAPSET by raising the exemption incrementally, reducing the value of the tax by \$10 Million per year for the next four years. During the provincial election the Liberal Party also committed to increase the HAPSET threshold from the current \$1.2 Million to \$3 Million.

The NLEC continues to work to ensure the provincial government honours their commitment to eliminate the tax.

Influencing Provincial Government budget priorities

The NLEC lobbied on numerous occasions throughout the year concerning the provincial government's budget priorities. An NLEC position on provincial government spending was presented to government and public comments were made during provincial budget consultations, the release of the provincial budget, the Auditor General's report, and the keynote presentation at the Employer of Distinction Awards, among other opportunities. The NLEC also wrote every member of government prior to the provincial budget outlining our concerns and asking for their support on our issues. The NLEC asked for:

- i. Sustainable government spending,
- ii. review of departmental spending to achieve efficiencies and cost reductions,
- iii. Action to address the unfunded pension and post retirement benefit liabilities; and,
- iv. An increase in the exemption for the Health and Post Secondary Education Tax (HAPSET).

Pension plan needs to be fixed: Marshall
Pre-budget consultations focus on reigning in spending

By Joins McLeod
THE TELEGRAM

This year isn't the time to bring your "wish list" to the provincial government.

Instead, Finance Minister Tom Marshall was more interested in confronting some hard truths in the province's budgetary situation Friday when he lacked of public pre-budget consultations in St. John's.

Public sector pensions were front and center, Marshall made it clear the government pensions unfunded liability is a serious problem the public needs to think about.

"We're paying down our direct debt, but the unfunded pension liability is going up like \$300-\$600 million every year," Marshall said.

"It's important that the public address their attention to this particular issue and understand it, and then we have the debate on what we're going to do about it."

The province's defined benefit pension plan pays a set amount each month to retired public servants. However, if the pension fund fails to perform well on the stock market, there's a gap between what the government is obligated to pay and the amount of money in the fund.

That unfunded liability has grown to 66 per cent of the province's net debt.

A lot of people who don't have workplace pensions are required to pay extra taxes every year to fund up benefits to people who have defined benefits and work in the public sector," Marshall said.

"The question is whether this is sustainable or not, and if the latter what the people of the province have to say."

Several members of the business community, making presentations

Friday, were ready to make some suggestions to Marshall on how he could deal with the pensions issue.

"What we're asking for is for the provincial government going forward to do a review of the public sector pension program," said Richard Alexander of the Newfoundland and Labrador Employers' Council.

"The whole world is looking at pension benefits moving forward," Bradley George, speaking for the Canadian Federation of Independent Business, said that small business owners "can't save for retirement because they are paying for lucrative (benefits) for the civil servant."

Marshall wouldn't make any commitments, but indicated that he was open to doing some sort of comprehensive review of public sector pensions.

More broadly, in his opening presentation, Marshall made it clear Friday that 2012 won't be a year for big government spending. Due to oil production shutdowns and the loss of Atlantic Accord pay-

ments, the government is forecasting a \$490 million deficit.

"A lot of good proposals here," Marshall said at the end of the morning consultation session.

"This may not be the year when a lot of them happen."

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The result was that the 2012 Provincial Budget delivered on two out of four of the NLEC's pre-budget requests. The provincial government took some positive steps by reducing government spending to sustainable levels. Net program expenses grew by 1.7%, in comparison to a 2.2% rate of inflation. They also found \$38.8 million in savings by reviewing all government departments for ways to reduce expenditures without negatively impacting program or service delivery.

The budget however failed to address our massive public sector post retirement liabilities. Growing public sector post retirement liabilities account for 66% of our province's net debt and actually increased by \$725 million this past year alone. With thousands of provincial public sector workers set to retire in the coming years, the NLEC argued that a review of the current public sector pension plan is needed to evaluate options that make the plan financially sustainable; do not compete with the private sector; are fair and equitable to what non-public sector workers receive; and ensure this level of debt is not passed on to the next generation - a generation that will not have oil revenues to pay for these obligations. The Budget also failed to honour the Progressive Conservative commitment to begin phasing out the HAPSET. This means employers in the province who are attempting to compete with jurisdictions like Alberta on wages, will continue to be at a disadvantage because of this tax policy.

The NLEC will continue to lobby to ensure these requests are addressed in the future.

NOTE: A CBC news report on November 20th, 2012 quoted Provincial Finance Minister Tom Marshall as saying, "The pension plans we have concern me because I don't think they are sustainable," The report goes on to say that government is looking for changes in that plan in the current round of negotiations with public sector unions.

Lobbying against the elimination of secret ballot votes for union certification

Government's Bill 37, a bill to amend the province's Labour Relations Act, introduced on June 19th, 2012 contained a significant surprise for the NLEC and employers in this province. In the Act the provincial government included a card based union certification provision. This provision removes the requirement for a secret ballot vote to determine the true wishes of the workplace regarding union representation in cases where a union can prove union membership for 65% of the workplace. This is a significant change in our labour legislation that will have a damaging impact on the labour relations and business investment climate in this province. It is regressive, disrespectful of employees and a step backward in terms of labour relations legislation and democratic rights.

This issue represents the single biggest lobby effort of the NLEC in many years. Efforts to correct this government decision have been significant and sustained. The NLEC's position has been that this provision needs to be repealed. While business is waiting for card based certification legislation to be repealed, the NLEC recommended government immediately implement six regulations that would mitigate the impact of this regressive provision.



This issue continues to cause significant concern for the NLEC membership and Board of Directors. The lobby effort continues and the board is very hopeful that we will have a resolution shortly. NLEC members looking to provide assistance in our efforts are encouraged to contact the NLEC.

Defending the right of employers to survive work stoppages through replacement workers

The past year saw the culmination of the most concerted public and private lobby by organized labour and the provincial and federal NDP to have our provincial government enact legislation to ban the use of temporary replacement workers during work stoppages. This lobby centered on the remnants of the Voisey's Bay labour dispute, the Ocean Choice International labour dispute and the provincial government's Bill 37 amendments to the Labour Relations Act. This issue was made particularly problematic by the provincial election in the fall of 2011.

The NLEC aggressively defended employers' right to use replacement workers. Anti-replacement worker legislation would inhibit employers' ability to survive a labour dispute and shift the balance of power in favour of unions. This legislation would be damaging not only to our labour relations climate, but would negatively impact business attraction and investment in this province. Currently, only two jurisdictions in North America have such legislation, and it has been proven to increase the frequency and duration of strikes.

On June 19th, 2012 the provincial NDP proposed an amendment to Bill 37 that would prohibit the ability of employers to survive a labour dispute through the use of replacement workers. That amendment was voted down by the governing Progressive Conservatives and the official opposition Liberal Party. This vote marked the end of a 3 year defensive lobby by the NLEC that involved numerous meetings with Cabinet Ministers, position papers, public debates and media interviews.

Some success with changes to the Labour Relations Act

Despite the unexpected damage done to our province's labour relations climate as a result of the card based certification provision, the NLEC did succeed in preventing other provisions from entering the Act. In addition to anti-replacement worker legislation, there were several recommendations of the Voisey's Bay industrial Inquiry that, if implemented, would have negatively impacted every unionized workplace in the province. Specifically of concern to the NLEC was the recommendation to introduce interest binding arbitration in situations where a work stoppage becomes protracted and special consideration for multi-national corporations under our Labour Relations Act. Both of these provisions were rejected by government thanks in part to the NLEC's very aggressive and public effort against these proposals.

In addition, the Labour Relations Act was amended to include a Vote on Offer provision. The provision provides the ability of an employer to require a one-time vote of the bargaining unit on any offer of the employer during contract negotiations. Although the NLEC expects this provision to be utilized infrequently by employers, it does provide another employer tool for consideration during contract negotiations. The NLEC has long advocated for such a provision in our legislation, even before this review.

Three past Chairpersons of the NLEC, Denis Mahoney, Fabian Connors, Lorne Bennett and current Chairperson Lisa Hollett were the employer representatives on the government initiated review of the Labour Relations Act. The review had been ongoing since 2009 and these representatives devoted significant time, with the support and resources of the NLEC, to this review. Despite government's decision to introduce card based certification against the wishes of these employer representatives, their efforts did protect employer interests in many other areas. Their efforts are greatly appreciated by the NLEC Board of Directors.

Thank you to all the members and to the NLEC's Labour Policy, Workplace Safety and Compensation Committees and Pensions Subcommittee for supporting the Board's advocacy efforts over the last year.

NLEC STRATEGIC OBJECTIVE:

3. Inform public opinion regarding employment policy issues

HIGHLIGHTS AND ACCOMPLISHMENTS

Unprecedented attention from the media on employer issues

In 2011-12 the NLEC continued to enhance its position as the most effective public voice for employment issues in the province. Our public voice is focused on both proactive advocacy initiatives as identified by the Board of Directors such as employment insurance and reactive initiatives driven by other organizations or government such as anti-replacement worker legislation.

Proactive and reactive public commentary is essential to the NLEC's advocacy. It serves not only to influence government and governmental agency decision making but educates businesses and the general public on issues that impact the ability of employers to contribute to the economic growth and prosperity of Newfoundland and Labrador.

Media hits continued to increase in 2011-12 reaching an all time high for the organization at more than 250.

Proactive Issues (As Directed by the NLEC Board Of Directors)

Employment Insurance Reform - 41 media hits

Generation of public attention on employer challenges with the employment insurance system began this fiscal year with the EI panel discussion at the NLEC's 2011 fall conference. On the panel NLEC Executive Director Richard Alexander, Association of Seafood Producers President and CEO Derick Butler and Canadian Federation of Independent Business Director of Provincial Affairs Bradley George outlined the challenges being faced by businesses as a result of employment insurance and the need to reform the system. This panel generated significant media attention on this employer issue.

The NLEC also made comments on Employment Insurance surrounding the release of the Federal Budget. The eventual announcement of reforms brought a significant amount of attention to the NLEC and this issue including national coverage. The public reaction was, perhaps surprisingly, very positive toward the NLEC's position.

Workers' Compensation - 35 media hits

The NLEC's regular regional member engagement meetings have proven an exceptionally effective mechanism for generating public attention on employer issues. These meetings with NLEC members and other local employers occur every year in Labrador, Western, Central and Eastern Newfoundland. They are used to engage members in the regions and highlight key NLEC advocacy issues to employers and the public. This year, the focus of these meetings was the Statutory Review on Workers' Compensation. Feedback on the NLEC draft

LABOUR High workers' compensation premiums to be discussed

By Colin H. Hiley

TRANSCONTINENTAL MEDIA—COVER STORY

Having the highest workers' compensation insurance premiums in the country is not just the problem of employers.

Newfoundland and Labrador Employers' Council executive director Richard Alexander says it should be a concern for everybody in the province.

Unfortunately, he said, the lack of awareness is one of the obstacles in bringing about a change to a system which costs approximately 37 per cent higher in Newfoundland and Labrador than the national average.

"People are under the assumption we have a lot of injuries in this province," Alexander said Tuesday in Corner Brook, where he will be meeting with members of the business community today. "That is far from the truth. Over the last 20 years, we have seen 174 per cent reduction in injuries. We are one of the safest provinces to work in in Canada."

"That is the result of employers putting millions of dollars into the system to prevent injuries. But even with that remarkable reduction in injuries, we are still the most expensive system in Canada."

The meeting is part of a series of sessions being held across the province for the employers' council to collect opinions and information from employers to shape their position for the ongoing review of the Workplace Health, Safety and Compensation Commission.

The council is pushing to bring the cost of the system in line with the Canadian average and securing its financial sustainability.

Alexander said this province's system covers approximately 98 per cent of its workforce, which he said is a positive thing.

"We don't want to cut benefits for



Richard Alexander

workers, but we do want a legislated structure that ensures every dollar that goes into the system is used in the most efficient and prudent manner," he said. "We think there are ways the commission can do that to minimize some of this huge negative economic impact we are seeing in some of these places."

The executive director said with employers paying the highest workers' compensation insurance premiums in the country, that has a trickle-down effect on employees' wages, hours of work, and the number of people hired. He said there are sometimes effects on the competitiveness of employers too.

Business owners and representatives are frustrated and angry to be constantly paying such high premiums, according to Alexander. Also, many people are unaware of the situation and/or its effects.

"We are not asking to be the best in the country, we are just asking to put a structure in place that takes us out of last place," he said. "Is it too much to ask to move our province out of last place after almost two decades?"

Local employers were asked to register for the closed sessions. Between 25-30 businesses were registered for today's session.

The Western Star

recommendations was received and media were invited to hear the challenges with the Workers' Compensation system from an employer perspective. These regional events generated 20 media hits alone.

The NLEC also made comment on high workers' compensation premiums surrounding the announcement of Statutory Review and the Auditor General's report that highlighted inefficiencies between Workers' Compensation and the Occupational Health and Safety enforcement Division of Service NL.

The NLEC Board of Director's commissioning of Dr. Morley Gunderson of the University of Toronto to study the economic impact of high workers' compensation premiums on the economy of Newfoundland and Labrador has generated strong attention in the public on this employer issue. The study will generate more media attention and strengthen employer arguments during the public hearings for Statutory Review this coming year.

The NLEC has been successful in creating awareness among the media and the public that Workers' Compensation cost and claim duration are significant issues facing this province.

Provincial and Federal Government Budget Priorities -- 25 media hits

The NLEC continues to utilize the provincial government pre-budget consultations and the budget announcement to draw attention to employer issues. This year was particularly effective in highlighting the escalating public sector pension and post retirement liabilities, growth in government spending, the promise of government to eliminate the Health and Post Secondary Education Tax and NLEC calls for a review of all government department spending.

Federal government budget reaction included comments on public sector pension liabilities, retuning the country to balanced budgets and employment insurance reform.

Employer of Distinction Awards – 27 media hits

The awards this year garnered significant media attention on the award recipients and the keynote speaker Mr. Loyola Sullivan's presentation on the importance of fiscally responsible government policy. Much of the media attention also centered on a protest by organized labour at the event, designed to draw attention to the utilization of temporary replacement workers. The NLEC reacted publicly to the protest by calling for a more positive and respectful Labour Relations Climate for the province.

Health and Post Secondary Education "Payroll" Tax —12 media hits

Most of the coverage on the NLEC issue of the payroll tax occurred during the NLEC provincial employment relations summit where Provincial Finance Minister Tom Marshall's address to NLEC members hinted at a payroll tax cut and gave credit to the NLEC's lobby efforts to achieve that cut. The follow-up election promise and the NLEC's reaction to it also generated significant media attention.



Reactive issues (NLEC Board directed responses to issues raised by government or other organizations)

Labour Market Issues – 41 media hits

The tightening of the province’s labour market continued to generate significant calls from media to the NLEC office for comment. The NLEC utilized these opportunities to highlight wage inflation as a result of the tightening of labour market supply and the impact that high provincial payroll taxes in Newfoundland and Labrador (Health and Post Secondary Education Tax and Workers’ Compensation Premiums) have on employer attempts to increase wages for workers.

Labour Relations Act Issues – 13 media hits

During 2011-12 the NLEC continued to make comments in defense of an employer’s right to utilize temporary replacement workers to survive work stoppage. This was necessary due to calls from organized labour and the Federal and Provincial NDP for such legislation. The NLEC debated the issue on Radio Noon Crosstalk and Here and Now. Employer comments were also required in response to the NDP’s proposed amendment to government’s Bill 37 that would have banned the use of temporary replacement worker during work stoppages.

NLEC STRATEGIC OBJECTIVE:

4. Provide employers the opportunity to learn, discuss and engage on employment policy issues

HIGHLIGHTS AND ACCOMPLISHMENTS

Fall Conference “That’s Not in My Job Description...And other realities of a tight labour market”

The NLEC 2011 Fall Conference was a huge success, with more than 110 employers in attendance and an excellent line up of presenters. Feedback from attendees rated the event as the best conference held by the NLEC in recent years. The NLEC also broke a record for corporate sponsorship of the event. Conference sessions brought attention to several key advocacy issues for the NLEC.



Employers need to do more with less: panel

By Michael Jones

The best way to get more out of your employees is to give them more responsibility. That's the message of a panel discussion at the NLEC 2011 Fall Conference, which was held in St. John's, Newfoundland. The panelists, who included representatives from the business and labour sectors, discussed the challenges of a tight labour market and the need for employers to do more with less. The panelists agreed that the key to success in a tight labour market is to give employees more responsibility and to invest in their training and development. They also discussed the importance of creating a positive work environment and of providing employees with the tools and resources they need to succeed. The panelists concluded that the only way for employers to survive in a tight labour market is to do more with less.

NLEC Employer of Distinction Awards

2011 Employers of Distinction: Newfoundland & Labrador Liquor Corporation St. Jude Hotel

Congratulations to the St. Jude Hotel and Newfoundland & Labrador Liquor Corporation (NLC).

The NLC was recognized for their strong focus on performance planning and coaching, their proactive and progressive relationship with their union, and their Attendance Management & Support Program which has resulted in a 30% reduction in sick leave usage since 2007.

St. Jude Hotel was recognized for their commitment to training and professional development for their staff; their focus on flexibility in scheduling, job sharing, the value of diversity in their workforce to deal with labour market challenges; as well as their comprehensive Occupational Health & Safety program that has reduced accidents in the workplace and was showcased in the WHSCC *Safework News*.

Sixteen additional employers were shortlisted for the award:

- ASCO Canada Limited
- Blue Sky Family Care / CareGivers Inc.
- CBDC Trinity Conception
- Chancellor Park
- Conservation Corps Newfoundland & Labrador
- Cox & Palmer
- Knightsbridge Robertson Surette
- Prima Information Solutions Inc.
- Central Dairies
- City of Mount Pearl
- Cliffs Natural Resources - Wabush Mines
- East Can Transport Service Ltd.
- Fortis Properties
- H. J. O'Connell Construction
- Marine Atlantic
- Oceaneering Canada



Congratulations to all of the organization's shortlisted for the 2011 Employer of Distinction Award

NLEC Annual Case Law Review

The NLEC's Labour and Employment Case Law Review is an annual event taking place each spring. The event gathers local labour and employment lawyers to present on emerging case law and legal issues related to employment from the last year.

Provincial Employment Relations Summit

The NLEC organized a summit on September 15th, 2011 to discuss the current and emerging issues related to employment relations in the province. This summit included presentations by Financial Minister Tom Marshall on the fiscal position of the province and then Minister of Advanced Education and Skills Darin King on government's initiatives to increase the supply of labour in the province. Greg Caines and Mike O'Connell, Partners with Morneau Shepell Ltd. presented on the future of Pensions and Benefits and Don Mills of Corporate Research Associates and Alex Twells of Deloitte presented on the future of compensation and benefits.

NLEC Workshops

The NLEC delivered 5 workshops on Managing Workers' Compensation Claim Costs across the province. Workshops were also delivered on Discipline for off Duty Conduct and Special Topics in Labour Relations for Managers and Supervisors.

NLEC Webinars

The NLEC delivered 4 webinars in 2011-12 on Working Alone, Employment Contracts, Pros and Cons of Functional Assessments for Return to Work Planning and When and How to do Pre-Employment Background Screening.

Occupational Health and Safety Training

The NLEC delivered 12 Occupational Health and Safety Certification trainings session in 2011-12.

Thank you to all the members, presenters, sponsors, and the NLEC's Education and Training committee for organizing and supporting our special events during the past year.



NLEC STRATEGIC OBJECTIVE:

5. Offer individual employers employment related advocacy, assistance and advice

HIGHLIGHTS AND ACCOMPLISHMENTS

Employer Advisor services offered by the NLEC enable all employers in the province to access quality advice and assistance on Workers' Compensation and Occupational Health and Safety issues. Many of the employers who utilize this service have little knowledge or experience with the workers' compensation system and as such, rely heavily on the expertise of the NLEC's employer advisor team.

In 2011-2012 NLEC's Employer Advisors provided advice and assistance on more than 150 calls from employers.



NLEC Safety Sector Advisor Andrew Pike and Associate Employer Advisor Michael Young at the 2011 Employment Relations Summit



NLEC Employer Advisor Jeff Butt at work at the NLEC office on Glencoe Drive

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Sharon Horan.....	FIT For Work
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Lisa Hollett (ex-officio).....	Newfoundland Liquor Corporation

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