

Ex Gratia Payment Update November 2006

Over the last several months the leadership of the five public sector unions have been working hard to bring this matter to a final conclusion.

Progress has been slow and frustrating for all who are involved with the project. To the best of our knowledge no such payment has ever been made to health care workers in Canada. The hurdles we face before payout of the money could not have been imagined when the settlement was negotiated.

Before cheques can be issued from the fund to members, a number of issues have to be resolved. The first issue involved taxation by Revenue Canada. After months of waiting we were recently advised that federal taxes would have to be deducted. The provincial government has agreed not to deduct the provincial portion of income tax. This further complicates the eventual payout, as T4 steps will also have to be issued.

The next issue was the availability of employment records for the years 1988, 1989 & 1990. In recent correspondence we have been advised in writing by the employer's representative that the information is not available. This means that we now have to develop an alternative method to verify that the money is paid to people who are entitled to it. Our solicitors and the pay equity consultant are now working to find a satisfactory resolution.

One method of verification being investigated is through Revenue Canada. We have forwarded a sample of several thousand names and release forms to Revenue Canada regarding the T-4 statements for the years in question. Currently Revenue Canada is working on an electronic program as a model to be used in providing the respective unions with the information.

Our lawyers have advised that prior to a payout the final arrangement should be approved by the courts. As a part of that process we will have to publish advertisements in a national and provincial paper to ensure that we are doing due diligence in attempting to contact all persons who have an entitlement to payment. Our solicitors and consultant are currently working on an appropriate detailed advertisement.

As part of this process and due to the unavailability of information from employers we have been advised that we may have to seek additional information from the members. Our lawyers are presently researching this matter.

As I stated at the beginning, this process is taking much longer than previously anticipated due to difficulties in receiving information and legal requirements. In recent weeks we have made significant progress and we are all committed to having the payment at the earliest possible time.

In the interim the fund is invested with a financial institution with a guaranteed rate of return. The investment is a no risk investment. All interest received will form part of the fund and will form part of the payout to members less any administrative costs necessary to conclude the work.

Up to the present time the fund has generated slightly more than \$500,000.00 interest which has been reinvested in a no risk fund.

We understand the frustrations of members waiting for the long overdue payment. We assure you that we are working hard to this end and will ensure payments are made to members at the earliest possible opportunity.

At the end of the day health care workers will receive at least 24 million dollars. To reach that end and considering new ground is being broken. We have to ensure we get it right to avoid delays when this matter is placed before the courts. It has been a long delay since 1988 however each day we are getting closer to an end result. We will continue to update the membership.

In solidarity,

Debbie Forward,
NLNU President