Q. Assuming 40 employees retired in 2007 and all were replaced immediately, what would be the estimated operating cost savings from reduced salary and benefits arising from replacement of long-term employees with new employees? (NP-05 NLH)

A. If 40 employees retired in 2007 and were replaced immediately, Hydro estimates that there would be very limited operating cost saving from reduced salary and benefits arising from the replacement of long-term employees with new employees. New trades employees will be recruited at journeyperson rates outlined in the collective agreements. Consequently, there would be no savings or benefits other than the indirect benefit of a lower entitlement to annual leave days. Similarly, new employees resulting from the non-union retirements would produce little savings to salary or benefits since new recruits are typically hired near the top of established salary scales. This level of compensation is required in order to hire qualified candidates.