



INDEPENDENT TRADE UNION
STATE ENTERPRISE IGNALINA NUCLEAR POWER PLANT
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“MAKE OR BUY” STRATEGY ANALYSIS AND IMPLEMENTATION AT SE INPP

In accordance with the Central Project Management Agency (hereinafter - CPMA) 2015-04-21 Letter No. 2015 / 2-2908 (attached) Ignalina NPP management started to implement the first

results of the "Make-or-buy" strategy implementation. This would mean that from the beginning of 2016 cleaning staff, staff from decontamination and other lowest paid and most socially vulnerable categories of workers will lose their jobs.

The European Union support for the Ignalina NPP decommissioning related activities is granted under the Ignalina Programme, and funding is regulated in accordance with Regulation No. 966/2012 on the general EU budget of European Parliament and Council on the financial rules applicable. The appropriations must be used in accordance with economy, efficiency and effectiveness. To this end, the European Commission called to make "Make-or-buy" analysis of the decommissioning related activities, channelling funding for Ignalina NPP in 2013 year.

It should be noted that at present the company performs around 200 activities. However, the strategy implementation was chosen to be started with the least costly activities - administrative premises cleaning and decontamination of premises in the controlled area. According to the data provided by the administration, by dismissing the workers and replacing them by procured cleaning services, the company's annual saving will make about 81 thousand Euro (estimation made using current Ignalina NPP expenses and the potential contractor's commercial offer for one year). Meanwhile, since January 2015 for the Audit, safety and quality control department of Ignalina NPP 4 experts were hired under an employment contract. The company paid about 70 thousand Euro for their 4 month work. By procuring services according to the Lithuanian law instead of hiring employees, the company could saved about 40 thousand Euro.

In addition, according to the Ministry of Public Procurement requirements a contract for cleaning services shouldn't be signed for more than 3 years. The above mentioned 81 thousand Euro economic effect would come from tax avoidance in Lithuanian budget (social insurance and tax authorities) and paying the monthly minimum salary (MMS) set by the Government (by April 2015) for employees performing these services (currently under the valid collective contract at Ignalina NPP a 451 Euro minimum basic salary is established, compared with 300 Euro MMS established by the Government). However, there is no result of an analysis how during 3 years the MMS or the cost of the services can change at Lithuania, nobody takes into account the service provider's bankruptcy cases etc. Thus the changing economic factors such as growth of the MMS etc. are not sufficiently taken into account (e.g. in the analysis carried out the calculation of 300 Euro MMS was used, while from 1st of July 2015 the MMS in Lithuania will be increased till 325 Euro, but salary change of the Ignalina NPP staff due to the MMS grow is not foreseen).

Taking into account the above considerations, there are reasonable doubts as to the results of the performed "Make-or-buy" strategy analysis and proper implementation of the mentioned strategy.

In addition, one of the main objectives of the company is a safe and efficient decommissioning of Ignalina NPP. This means that the above strategy and its implementation should be evaluated comprehensively and extremely precise. Moreover, currently at Ignalina NPP in the spent fuel pools 15 thousand of spent nuclear fuel assemblies are stored (about 1600 t UO₂). Therefore there are very strict requirements for Ignalina NPP employees. The company employees may start to work only after the State Security Department gives its permission.

We are of the opinion that in the Ignalina NPP's management objective to basically cheapen the workforce, there is no responsible from the point of view neither security nor the social policy.

In our opinion, it is inadequate and irresponsible to follow only the arithmetic wage rate difference. It is necessary to anticipate all the risks and consequences of a long-term responsibility for quality of the work, safety at work, particularly in radiation protection, etc.

It should be noted that Ignalina NPP had negative experience when around 2010 it abandoned certain activities, dismissed employees and services were procured from external organizations (metrology, metals lab etc.). In each case the final purchase price of the services was much higher than the cost of the available workforce resources, but no one took responsibility for the consequences.

There is no assessment of the social dimension either, i.e. the negative impact on the growth of unemployment rate in the region despite numerous statements of representatives of the European Union and Lithuanian authorities on solving social problems in the Ignalina NPP region.

We also urge the Ignalina NPP managers to begin to implement the "Make-or-buy" strategy not from experiments with the available staff or from not too expensive ongoing activities, but, in particular, from the planned future activities, since main the European Union funding will be specifically dedicated for the performance of them (radioactive equipment dismantlement, etc.).

We urge the responsible Lithuanian and European Union institutions to support Ignalina NPP trade union position and to assess the expediency and appropriateness of the "Make-or-buy" strategy implementation process at Ignalina NPP.

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