

# CAW - Canada / Chrysler

## BARGAINING REPORT

**Highlights of the Tentative Restructuring Agreement between CAW-Canada and Chrysler  
Production, Skilled Trades, Salaried and Security & Fire**

### HIGHLIGHTS

- No cuts to base wages
- No cuts to pensions
- Preserves the Canadian investment advantage
- Production commitments in all locations: Windsor, Brampton and Etobicoke



## FIGHTING BACK HAS MADE US STRONGER

For months now, Chrysler workers in Canada have been living under terrible uncertainty. Bad enough that Chrysler's very future as a company was threatened by the global financial crisis and the resulting collapse of auto sales.

Worse yet, we faced an aggressive attack on our members and an attempt to undermine our union. A whole line-up of executives (from Chrysler, from Fiat, and even the federal government) pointed the gun right at our head. They said if we didn't accept \$19 per hour in concessions, Chrysler would liquidate its Canadian operations immediately.

Chrysler execs Bob Nardelli and Tom LaSorda even tried to bypass the union entirely, with their threatening letter to Chrysler workers on April 17. When Chrysler workers responded with such anger, it sent the company a very clear

and crucial message: "We won't succumb to intimidation. We're sticking with our union."

Your solidarity changed the tone of the negotiations completely. We've never been more proud of the CAW.

Then on Thursday, CAW members proved their determination once again. We led the way as 15,000 workers and retirees – union and non-union – gathered at Queen's Park. Our goal was to show government and corporations alike that the current economic crisis will not be solved on the backs of our retirees.

There is no doubt that the participation of so many of our retirees and actives in that rally, shoulder to shoulder, helped protect our pensions at the bargaining table, and also heightened the pressure on government to do its share. It is more

proof of the CAW's slogan: Fighting back makes a difference!

The tentative agreement described in this brochure represents painful sacrifice on the part of CAW members. The original agreement we reached on March 8 with General Motors was disqualified by the U.S. and Canadian governments, when they rejected GM's restructuring plan and sent everyone back to the drawing board. We were forced by unprecedented government interference in our bargaining, and the very real threat that the company could liquidate, to bargain further cost-reductions.

However, your bargaining committee was iron-strong in defending our members against this intimidation. We accepted no wage reductions, and no cuts to our

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## HEALTH CARE AND INSURANCE

### New Health Care Contribution

Effective January 1, 2010 a new Health Care Contribution will come into effect as follows:

- Employees and retirees under age 65 will pay \$30 per month.
- Retirees who are age 65 or older will pay \$15 per month.
- Surviving spouses will pay \$15 per month.
- The Contribution will be applicable to subscribers only, and not their dependents.

### Drug Plan

- **Out of Pocket Maximum:** The current out-of-pocket maximum of \$250 for the 10% Co-pay on drugs is scheduled to increase to \$270 on January 1, 2010 and to \$290 on January 1, 2011. With the one year extension of the Collective Agreement, the out-of-pocket maximum will increase to \$310 on January 1, 2012.

The Drug Plan out-of-pocket maximums are combined family amounts.

- **Drug Listings:** When the Drug Plan carrier is able to negotiate a price for brand name drugs that is lower than the equivalent generic drug, the brand name drug will be included on the Controlled Formulary and dispensed. This will result in lower costs for the Plan, as well as lower Co-pays for participants.
- **Dispensing Fee:** The maximum eligible dispensing fee covered by the Drug Plan has been reduced from \$11.00 to \$9.00 per prescription.

### Semi-Private Hospital

Semi-private hospital coverage will be eliminated on the first of the month following the implementation of the agreement.

### Dental

Reimbursement levels will remain at the 2008 Ontario Dental Association (ODA) fee guide for the duration of the agreement.

The union will work to identify and list providers in each community who agree to limit their fees to the 2008 schedule.

### Long Term Care

Effective January 1, 2011 the maximum rate for coverage for new entrants will be set at \$1,200 per month. Current residents of long term care facilities, and those entering prior to January 1, 2011, will remain at current coverage levels.

### Life Insurance

COLA will no longer be included for the purposes of determining a member's life insurance benefit amount.

## CONTRACT TERM

- The current collective agreement has been extended by 1 year, with a new expiration date of September 17, 2012.
- Modified provisions become effective upon approval of Chrysler's restructuring plan and implementation of financial assistance agreements between Chrysler and the Federal and Provincial governments.

## WAGES AND COLA

- Base wage rates remain unchanged for the life of the new collective agreement.
- The current \$.05 per hour cost of living allowance float remains unchanged until June 2012. Cost of living adjustments will be reactivated beginning with the June 2012 COLA payment.

## PENSIONS

- The Basic and 30 and out Special Allowance pension benefit levels will remain at current levels for the life of the new agreement.
- There will not be any PCOLA increases for current and future retirees for the life of this agreement.



## OTHER BENEFIT MODIFICATIONS

- Effective January 1, 2010, the Dependent Children Scholarship program benefit has been reduced to \$1,300 per dependent per calendar year.
- Effective January 1, 2010, the employee Vehicle Purchase Discount will be discontinued.
- The tuition refund program will be discontinued. Effective January 1, 2010.

## TIME OFF THE JOB

- Scheduled Paid Absence has been reduced by 40 hours, beginning with the 2<sup>nd</sup> scheduled paid absence period in 2009.
- The remaining 40 hours of Scheduled Paid Absence will be converted to paid vacation hours. Workforce reductions arising from this conversion will result in equivalent workforce eligibility for restructuring incentives.

## RESTRUCTURING EVENTS

- All currently announced restructuring events including the Windsor 3<sup>rd</sup> shift and the protections for Etobicoke remain covered under the terms of existing agreements.
- The Retirement Allowance and vehicle voucher will be modified for other future events. The new amounts will be \$50,000 for production and \$60,000 for skilled trades, plus a \$20,000 vehicle voucher.

## INCOME SECURITY

- Full-time employees who are indefinitely laid off and return as summer replacements shall not accrue SUB credits for the period of time as a summer replacement. There is no change to the procedures for providing Guaranteed Annual Income Credit units.
- The EI clawback reimbursement will no longer be applied effective with the 2009 tax year.
- The maximum liability amounts for income security have been maintained.



## ANNUAL CHRISTMAS BONUS

The \$1,700 annual Christmas Bonus will be diverted to offset the cost of legacy health care benefits.

## VACATION BUYDOWN

The \$3,500 vacation buydown has been eliminated.

## SICKNESS AND ACCIDENT BENEFITS

The waiting period for new claims for Sickness and Accident benefits will be modified to be 5 days rather than 3 days for sickness. Accident and hospitalization waiting times are not affected.

## NATIONAL TRAINING PROGRAM AND SPECIAL CONTINGENCY FUND (SCF)

- The NTC program has been modified. The program will now provide 24 hours of training per member during the life of the contract.
- Funding commitments under the SCF will be reduced over the life of the new agreement according to a negotiated timetable. The combined cost of all union-sponsored initiatives will be reduced by one-third.

## SUPPLIER PARK CONCEPT

Only after local union agreement, independent suppliers can operate in specified locations adjacent to or inside Chrysler facilities. Supplier workers must be CAW represented, and they can perform no work currently performed inside our plants.

## PRODUCT COMMITMENTS

- During these restructuring talks, Chrysler agreed to maintain the previously announced product and operation commitments in Windsor, Brampton and Etobicoke.
- The company recognizes that the Brampton Assembly Plant will require additional investment with regard to the Brampton Paint Shop facility, in order to support planned production.
- Previous commitments regarding operations at Etobicoke are all extended by one year.

## TPT UTILIZATION

The union has agreed to expand the utilization of TPTs provided there are no layoffs.

## WORKFORCE REDUCTIONS

Based upon current production volume projections Chrysler will eliminate the third shift at Windsor Assembly in June 2009.

## RELIEF TIME

Relief time in the assembly plants will be 40 minutes on a two shift or a three shift basis, consistent with every Chrysler facility in North America. Time in the plant will be 8 hours, including a paid lunch.

## NEW HIRE PROGRAM

- The start rate for new hires will be 70% of the established rate with increases of 5% per year for the following six years until the full job rate is attained.
- New hires will contribute \$1 per hour toward the existing defined benefit pension plan.
- New pension credits will be capped at a maximum of 30 years credited service.
- New hires are entitled to the same retiree health benefits, funded either through a Health Care Trust (when it is set up) or by the company.
- Future TPT hires must work 40 hours in a week before receiving premium or overtime pay.



## HEALTH CARE TRUST

Under this contract, the union and the company commit to negotiate a new Health Care Trust (HCT) to provide retiree health benefits. For the first time, the federal government has agreed to make possible a new tax-efficient funding method, providing favourable tax treatment for companies which pre-fund their retiree health costs (similar to the pre-funding of pensions).

The HCT trust would pay for retiree health benefits only for current active and retired employees of Chrysler Canada. (Future new hires will also get retiree health benefits, as specified in the New Hire Program contained in this collective agreement.)

Upcoming negotiations on the HCT framework will determine all details of its operation, including:

- Timing of implementation
- Timeline of company and/or government contributions into the fund
- Assumptions on investment returns
- Governance and administration

The agreed HCT framework will reduce the cost of financing negotiated retiree health benefits, and will also protect retiree health benefits if a company goes bankrupt. The Canadian HCT (unlike the U.S. model) requires that enough funds are deposited into the trust to fully support (according to assumed actuarial and financial parameters) retiree health benefits as currently specified in our contract. Over the years, if long-run investment returns are higher or lower than assumed, then retiree benefits could be adjusted up or down in the future.



## PAID HOLIDAYS

The paid holiday schedule under the 2008 agreement remains unchanged. Paid holidays in 2011-2012 will be as follows:

|                            |                            |
|----------------------------|----------------------------|
| *Friday October 7, 2011    | Friday before Thanksgiving |
| Monday October 10, 2011    | Thanksgiving               |
| **Friday November 11, 2011 | Remembrance Day            |
| December 26, 27, 28, 2011  | Christmas Holiday Period   |
| December 29, 30, 2011      | Christmas Holiday Period   |
| January 2, 2012            | Christmas Holiday Period   |
| Friday April 6, 2012       | Good Friday                |
| Monday April 9, 2012       | Easter Monday              |
| Friday May 18, 2012        | Friday before Victoria Day |
| Monday May 21, 2012        | Victoria Day               |
| Friday June 29, 2012       | Friday before Canada Day   |
| ***Monday August 6, 2012   | Civic Holiday              |
| Friday August 31, 2012     | Friday before Labour Day   |
| Monday September 3, 2012   | Labour Day                 |

\*Brampton only

\*\*Windsor only

\*\*\*Etobicoke only

## FIGHTING BACK HAS MADE US STRONGER *(continued from front cover)*

pensions. We defended the vast majority of our benefits. We have protected the most vulnerable. And we forced the company to achieve a significant share of their desired savings through productivity changes, rather than compensation cuts.

If our members or leaders had panicked in the face of Chrysler's threats, we would be looking at a very, very different contract today. But instead, we maintained our solidarity and determination. Thank you for trusting your union. We will continue to fight hard to protect autoworkers, their families, and communities, in the difficult months ahead, as the restructuring process enters its next phases.

We join with all the members of the CAW-Chrysler Master Bargaining Committee in unanimously recommending this agreement for your ratification.

In solidarity,  
Ken Lewenza  
National President

Rick Laporte,  
President CAW Local 444  
& Chair CAW-Chrysler Master  
Bargaining Committee

# Your CAW-Canada Master Bargaining Committee at Chrysler



**KEN LEWENZA**  
President



**JIM O'NEIL**  
Secretary-Treasurer



**RICK LAPORTE**  
Chairperson,  
of Master Bargaining  
Committee & President of  
Local 444



**JERRY DIAS**  
Assistant  
to the President



**JIM STANFORD**  
CAW Economist



**WHITEY  
MACDONALD**  
National  
Representative



**SYM GILL**  
Director,  
Pensions & Benefits



**JEFF WAREHAM**  
National  
Representative,  
Pensions & Benefits



**BILL MURNIGHAN**  
National Representative,  
Research



**GARY PARENT**  
Financial Secretary,  
CAW Local 444



**DINO CHIODO**  
2nd Vice President,  
CAW Local 444



**DAVE LARUE**  
Chairperson,  
Windsor Assembly  
CAW Local 444



**DAVE CASSIDY**  
Skilled Trades  
Chairperson,  
CAW Local 444



**GARY BERNARD**  
Grievance  
Coordinator,  
CAW Local 444



**JOE DOMARCHUK**  
Benefits Representative,  
Windsor Assembly  
CAW Local 444



**PAT CUSHING**  
Wellness,  
Benefits Co-ordinator,  
CAW Local 444



**LEON RIDEOUT**  
President,  
CAW Local 1285



**TERRY BROWNE**  
Chairperson,  
Brampton Assembly  
CAW Local 1285



**DAVE IRELAND**  
1st Vice President,  
CAW Local 1285



**GERRY HARVEY**  
2nd Vice President,  
CAW Local 1285



**JOHN BRESLIN**  
Skilled Trades  
Chairperson,  
CAW Local 1285



**JASPAL BRAR**  
A-Shift District Rep,  
Brampton Assembly  
CAW Local 1285



**LISA CONTINI**  
Benefits Representative,  
Brampton Assembly  
CAW Local 1285



**MARIO MOCERRI**  
Chairperson,  
Chrysler Security Guards  
CAW Local 195



**JOE MOTA**  
President,  
CAW Local 1459



**KEN RAVENBERG**  
Chairperson,  
Etobicoke Casting  
CAW Local 1459



**ROD MCGILL**  
Skilled Trades Chairperson,  
Etobicoke Casting  
CAW Local 1459



**GARY TAYLOR**  
OC & E President,  
CAW Local 1498



**CHARMAINE TURTON**  
OC & E Vice-President,  
CAW Local 1498



**DANIELLE BILLO**  
OC & E Chairperson,  
CAW Local 1285



CANADA

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## RECOMMENDATION

Your Master Bargaining Committee unanimously recommends this tentative agreement and urges you to vote in favour of it.