

CAW-CANADA / CHRYSLER BARGAINING REPORT



HIGHLIGHTS OF THE TENTATIVE AGREEMENT BETWEEN CAW-CANADA AND CHRYSLER
PRODUCTION AND SKILLED TRADES

SEPTEMBER 2012

WINNING THE PATTERN

HIGHLIGHTS

- Ratification bonus
- Cost of living lump sum payments
- Employment commitments
- Protection of current pension benefits
- No two-tier system



MESSAGE FROM THE PRESIDENT

Ken Lewenza

Fighting for the pattern

Under globalization, companies have become more aggressive than ever. We try our hardest to improve wages, pensions, and working conditions. But lurking in the background is the threat that the companies will move somewhere cheaper, at the expense of the workers and families they leave behind.

In the past, corporations had to meet certain standards. Policies like the Auto Pact required them to produce here if they wanted to sell here. And in most of the world, governments still enforce sensible policies like that (in Korea, Brazil, China – and even the U.S., with its Buy America Act).

Canada's government, however, doesn't believe in holding companies to account, no matter how badly they treat Canadians (as Caterpillar did).

Chrysler has done very well in Canada. Financial analysts estimate Canada accounts for 27% of their worldwide profit. Their Canadian-made vehicles are excellent, and sell well. And Canada has benefited enormously from Chrysler's investments here.

Yet Chrysler executives hinted darkly they might leave Canada if they didn't win deep wage and cost cuts from their Canadian workers. Why

would anyone want to wreck a relationship that has worked so well for both sides? Yes, the high dollar makes Canada look expensive. But the dollar helps Chrysler, as well: they can sell their products (even Canadian-made vehicles) at higher prices here.

The CAW tried a brand new strategy in this round of bargaining. We imposed a deadline on all three companies at the same time, hoping to entice someone to accept our broad framework for a deal. Eventually, Ford stepped up to the plate, followed by GM.

But everyone knew Chrysler would be the toughest. This partly reflects public statements by the company's management. It also reflects, to be fair, the fact that Chrysler is financially weaker than the others (though improving steadily).

The pattern contract we negotiated at Ford is not overzealous. It was designed to work for all three companies, thus preserving the level playing field that's so important to all autoworkers.

We negotiated calmly and respectfully with Chrysler, rebuffing the threats. We engaged seriously on productivity issues (which is, after

all, the most important factor in a company's long-run success), and created a new grow-in program that is incredibly attractive for new hiring. Eventually the company saw its way to accept the pattern.

The discipline and solidarity of all Chrysler workers, led by your elected bargaining representatives, was essential to this victory. Now we'll keep working to build the auto industry in Canada. And we'll keep campaigning for better government policies so that all workers are less vulnerable to corporate threats.

I join all the members of your CAW-Chrysler Master and Local Bargaining Committees in unanimously recommending this tentative agreement for your ratification.

In solidarity,

Ken Lewenza
CAW National President



Standing up for our principles

As we entered 2012 negotiations, we all recognized the many challenges still confronting Canada's auto industry: the overvalued Canadian dollar, turbulent financial markets, huge imports from Asia and Europe.

The union and its members cannot be blamed for these problems. But we can't ignore them, either.

So we took a balanced but principled approach to secure jobs and position ourselves for new investment (recognizing that investment decisions depend on many factors, not just labour). But we stuck to our guns on crucial matters of principle, rejecting concession demands and preserving our vision of fair, decent auto jobs for the future.

One example of this principled approach was cost-of-living protection. The companies all demanded that COLA be removed permanently (including the current 33 cent float). We rejected that completely. Past generations fought for the principle of inflation-protection, and we were not going to give it up.

But we also recognized that fixed cost

increases right now (as would result from normal COLA wage adjustments) would hurt our case for future investments, given the Canadian dollar.

So we found a pragmatic compromise. We keep the current 33 cent float (remember, that 33 cents an hour is worth \$2750 over the next 4 years). We keep the COLA language in our contract. The quarterly adjustments in June 2016 are reinstated.

In the meantime, to offset inflation we negotiated annual lump sum bonuses (\$2000 per year in 2013, 2014, and 2015). Our real incomes are protected, but our fixed costs do not increase. It's a pragmatic, principled solution.

Another example was our approach to new hires. We were determined to reject a permanent two-tier system. What's at stake is nothing less than the future of Canada's middle class. If high-productivity jobs in the auto industry can't pay decent wages and benefits to support a family, then no-one is safe.

Instead of a two-tier system, the CAW

proposed to adjust our existing new hire grow-in schedule.

Chrysler pushed us to the wall on these issues, but we resisted.

In sum, these were incredibly challenging negotiations. But we held fast to our principles on issues like cost-of-living and two-tier, while confirming future investment and jobs. That's why I join with your entire CAW-Chrysler Master Bargaining Committee in unanimously recommending this tentative agreement for your ratification.

In solidarity,

Peter Kennedy
CAW National Secretary-Treasurer



MESSAGE FROM THE CHAIR

Dino Chiodo

Positioning ourselves for a strong future

This was a challenging set of negotiations, with Chrysler insisting for weeks on end that they could not accommodate any deal other than a mirror agreement to the UAW. Your Master Bargaining Committee could not accept this premise as a starting point.

Our goals going into the negotiations were to ensure that Chrysler workers were rewarded for their efforts and sacrifices, and also to position our facilities well for the future. We've succeeded on both fronts. Using the historic process of pattern bargaining, we were successful in reaching a good agreement for our members.

Out of sheer necessity, we have not added to fixed costs in order to ensure our workplaces are competitive within the North American operations. We were able to achieve this while representing our

members and keeping the philosophical principles of the union intact. Further, we were able to provide modest gains to our members, allowing workers to share in the success of Chrysler Corporation through CPI-linked annual bonuses.

Our Master and local committees worked day and night trying to push the company on the issues important to all of us. We know that this process was stressful and frustrating for everyone – for the members of the Master and local bargaining committees, and for all our members in the plants. We appreciate the patience our members have shown over these long weeks.

I want to extend my sincere thanks to our members for their outpouring of support during this process through email, phone calls, Facebook messages and other

avenues. The membership in every facility was unwavering in their support for the bargaining committee – which gave us strength and greater confidence at the bargaining table. I'd also like to thank the committees who worked so tirelessly to reach this agreement. I join with the entire CAW-Chrysler Master Bargaining Committee in unanimously recommending this tentative agreement.

In solidarity,

Dino Chiodo
CAW/Chrysler Master Bargaining Committee Chair
and CAW Local 444 President



WAGES

WAGES AND COLA

Base Rates will remain unchanged for the life of the collective agreement.

Current earnings:

Team Member	Trades
\$34.36	\$40.58
includes 33¢ COLA	includes 33¢ COLA

The current 33¢ per hour cost of living allowance float remains unchanged until June 2016. Cost of living adjustments will be reactivated beginning with the June 2016 COLA payment.

ANNUAL LUMP SUMS

To offset the impact of ongoing price increases on the cost-of-living, lump sum bonuses will be paid prior to the Christmas shutdown in:

• December 2013:	\$2,000
• December 2014:	\$2,000
• December 2015:	\$2,000
Total:	\$6,000

PENSIONS

The terms of the pension plan remain unchanged for current members. The lifetime pension and 30-and-out Special Allowance continue in their current amounts:

Current Actives	Basic Lifetime (per month per year of service)	Special Allowance (per month to age 65)
Benefit Class A, B, C	\$68.00, \$68.25, \$68.50	\$3,515
Benefit Class D	\$81.00	\$3,895

- Current retirees and surviving spouses will also stay at their current pension amounts.

RATIFICATION BONUS

The CAW has negotiated a ratification bonus. Active employees, as of the Monday following notice of ratification, and members on the inactive roll who performed work for the company between January 2, 2012 and the Monday following notice of ratification will receive a **\$3,000 bonus**. This can be rolled into an RRSP.

RECOMMENDATION

Your Master Bargaining Committee and all Local Bargaining Committees unanimously recommend this tentative agreement and urge you to vote in favour of it.

TERM

This is a four-year agreement which expires on September 19, 2016 at 11:59 p.m.



INVESTMENT, PRODUCTION AND RESTRUCTURING

In the course of negotiations the company and union discussed the importance of ongoing investment in products and facilities as essential for supporting full employment and job security for CAW Chrysler members.

The union acknowledged Chrysler's ongoing commitment to its Canadian manufacturing footprint, including recent major investments to refresh and renew product lines totaling \$1.33 billion since emerging from bankruptcy in June 2009:

- Windsor: \$300 million
- Brampton: \$1 billion
- Etobicoke: \$32 million

Job security provisions contained in Article 17.1 of the current collective agreement have been renewed for the duration of

this agreement. Consistent with these provisions the company plans to continue to operate Windsor Assembly on three shifts of production and Brampton assembly on two shifts of production throughout the agreement, contingent on market and business conditions.

Existing plans concerning the operation of Etobicoke Casting; the Office, Clerical and Engineering Unit; the Windsor Security Unit; and Chrysler Transport Inc. remain unchanged for the duration of the collective agreement.

Restructuring provisions and incentives in the event of permanent job loss have also been renewed for the duration of the collective agreement, consistent with current collective agreement provisions.



PAY PRACTICE IMPROVEMENTS

- Health care contributions will be deducted from all Chrysler pay sources. For example, if a worker is off on S&A, IMP, SUB, they do not have to worry about being cut off from their health care benefits.
- Upon implementation, all pay corrections will be made within 24 hours of payroll being notified and will be paid at the full net amount of hourly pay.
- Effective January 2013, employees will no longer be receiving

paper pay statements unless they submit an application to resume paper pay statements. Electronic statements will continue to be available through Dashboard.

- Employees will be able to use the onsite kiosks to allow greater than one vacation advance in increments of 40 hours, once programmed.
- Employees will also be able to use onsite kiosks to sign up for wellness events, once programmed.

SKILLED TRADES

APPRENTICESHIP OPPORTUNITIES

The union was successful in re-establishing Chrysler's commitment to our apprenticeship program, which both local and national apprenticeship committees negotiated. Chrysler has agreed to make available 100 apprentice opportunities through attrition and business conditions between Brampton, Etobicoke and Windsor operations.

SECTION 17.2 JOB SECURITY AND WORK OWNERSHIP

The CAW resisted the attempts by Chrysler to eliminate work ownership language. The union was successful in renewing work ownership language and that related to other local practices.

PREFERENTIAL CONSIDERATION FOR LAID OFF CAW JOURNEYPERSONS FROM OTHER LOCATIONS

The union negotiated language where Chrysler would give consideration to laid off CAW journeypersons in possession of a CAW journeyperson card.

LINES OF DEMARCATION

The current lines of demarcation were maintained in this set of negotiations.

SKILLED TRADES UNION EDUCATION PROGRAM

Funding has been secured to continue with this valuable program for our skilled trades members.

INSURANCE BENEFITS

All benefits, including Survivor Income Benefits, are maintained at current rates.

	Assembler (\$34.03 hourly rate)	Trades (\$40.25 hourly rate)
S&A	\$840	\$990
EDB under 10 years	\$2,955	\$3,500
EDB 10 or more years	\$3,250	\$3,850
AD&D	\$39,000	\$46,250
Life Insurance	\$78,000	\$92,500



HEALTH CARE BENEFITS

HEALTH CARE

- **HEALTH CARE CONTRIBUTION:** There is no increase to the monthly health care contribution amount.
- **DENTAL FEE SCHEDULE:** The Ontario Dental Association (ODA) Fee Schedule will be updated from 2008 to 2011 effective January 1, 2013. A 2-year lag will continue over the term of the agreement. Example: in 2016, the 2014 ODA will be in effect.
- **DENTAL HYGIENIST:** A Dental Hygienist will now be recognized as a dental provider.
- **PRESCRIPTION DRUGS:** The union resisted company demands to increase the co-pay and the out-of-pocket maximum. The co-pay remains at 10% to a maximum of \$310.
- **OVER-THE-COUNTER DRUGS:** The federal government introduced a rule that medical plans covering OTC drugs, even with a prescription, will lose their tax-exempt status. In such a case, all health care benefits would become taxable to the employee. To avoid this problem, effective January 1, 2013,

OTC drugs, other than certain life-sustaining drugs, will no longer be covered under the health care plan. A schedule of life-sustaining drugs will continue to be covered, including insulins, nitrates, allergy serums, injectable vitamins, diabetic testing agents, needles and syringes, and vaccines.

- **LONG TERM CARE:** Effective January 1, 2014 the maximum long term care rate for new entrants will be reduced from \$1,200 to \$800 per month. Current residents of long term care facilities, and those entering prior to January 1, 2014, will remain at current coverage levels (refers to current active members only, prior to retirement).

RETIREE HEALTH CARE ACCOUNT

CAW members hired after May 4, 2009 and prior to ratification will have a retiree health care account. The company will contribute \$0.40 per compensated hour (to a maximum of 2080 hours) to the account. The company and the union will establish the terms for the retiree health care account.

CHILD CARE

Child care subsidy is maintained.

INCOME SECURITY

Income security benefits are maintained for the duration of this agreement at the current benefit levels.

THE SPECIAL CONTINGENCY FUND

The Special Contingency Fund has been renewed for current programs at existing levels.



WORKPLACE TRAINING PROGRAM

Company funding for the Workplace Training Program is renewed.

Curriculum will continue to be developed to reflect current issues.

NEW HIRE PROGRAM

10-Year New Hire Grow-In Program

To enhance our opportunities for new investments and hiring in Canadian facilities without creating a permanent second class of worker, the CAW and Chrysler have agreed to a 10-Year New Hire Grow-In Program. This program avoids the permanent two-tier system first demanded by the companies, expanding our current 6-year grow-in. New hires start with a lower package of wages and benefits and grow in to full compensation after 10 years.

The new Grow-In Program applies only to new employees hired after ratification.

Wages start at 60% of the starting base rate and reach 100% after year 10 of seniority. Wages then catch up (as necessary) to any intervening base rate increases in subsequent years. COLA is paid after the wage reaches the full prevailing base rate.

WAGE AND VACATION SCHEDULE

Seniority (yrs. completed)	Wage (% base rate)	Paid Vacation (hrs)
Start	60	4%
1	60	80
2	60	88
3	65	96
4	70	104
5	70	112
6	75	120
7	80	120
8	85	120
9	90	120
10	100	180

New hires receive full health benefits, overtime premiums, and statutory holidays (same as existing employees), as specified in the collective agreement. New hires receive child care subsidy after 1 year of seniority.

The pension for new hires will be a hybrid DB/DC plan, providing one-half of the defined benefit under the current plan, along with a parallel defined contribution plan. New hires will pay \$1 per hour to the pension in years 1-4, \$1.50 in years 5-7, and \$2 in year 8 and after (to a maximum of 2080 hours per year). Skilled trades pension benefits and contributions are 20% higher, consistent with the traditional 20% wage and pension differential.

The 30-and-out pension with special allowance is still available on or after age 55. No additional benefits are accrued after 30 years of service or age 55 (whichever is later). 75% accrued DB pension benefit is allocated for the first 10 years of service (proportionate with the wage grow-in).

Income security: new hires receive short work week after 3 years (current practice), no SUB credits for years 1-5, half SUB credits for years 6-10, and full SUB credits after year 10. New hires are eligible for incentives in restructuring events after 5 years.

Shift premiums: 50¢ for afternoons and \$1 for midnights until after year 10 (when existing premiums will apply).

Retiree health benefits: these benefits are funded through a contribution of \$1 per hour (phased in after year 10) to a group trust for new hires.

Other: new hires receive dependent scholarship benefits after 10 years, a pro-rated life insurance benefit (proportional to wage grow-in) in years 1-10, and no legal service benefits. Existing language regarding LTD and S&A continues to apply.

Skilled trades: newly hired apprentices' wages are specified in our apprenticeship progression. Newly hired journeypersons begin work at the full rate (as per existing practice).

Specific timing on the phase-in of final provisions after year 10 will be confirmed in collective bargaining prior to the first new hires reaching 10 years seniority.



PAID HOLIDAY SCHEDULE: 66 DAYS DURING THE CONTRACT

Friday, October 5, 2012	Friday before Thanksgiving*	Monday, September 1, 2014	Labour Day
Monday, October 8, 2012	Thanksgiving	Friday, October 10, 2014	Friday before Thanksgiving*
Monday, November 12, 2012	Remembrance Day*	Monday, October 13, 2014	Thanksgiving
December 24, 25, 26, 27, 28, 2012	Christmas Holiday Period	Monday, November 10, 2014	Remembrance Day*
December 31, 2012	Christmas Holiday Period	December 24, 25, 26, 29, 30, 31, 2014	Christmas Holiday Period
Tuesday, January 1, 2013	Christmas Holiday Period	January 1, 2, 2015	Christmas Holiday Period
Friday, March 29, 2013	Good Friday	Friday, April 3, 2015	Good Friday
Monday, April 1, 2013	Easter Monday	Monday, April 6, 2015	Monday after Easter
Friday, May 17, 2013	Friday before Victoria Day	Friday, May 15, 2015	Friday before Victoria Day
Monday, May 20, 2013	Victoria Day	Monday, May 18, 2015	Victoria Day
Monday, July 1, 2013	Canada Day	Friday, July 3, 2015	Canada Day
Monday, August 5, 2013	Civic Holiday*	Monday, August 3, 2015	Civic Holiday*
Friday, August 30, 2013	Friday before Labour Day	Friday, September 4, 2015	Friday before Labour Day
Monday, September 2, 2013	Labour Day	Monday, September 7, 2015	Labour Day
Friday, October 11, 2013	Friday before Thanksgiving*	Friday, October 9, 2015	Friday before Thanksgiving*
Monday, October 14, 2013	Thanksgiving	Monday, October 12, 2015	Thanksgiving Day
Monday, November 11, 2013	Remembrance Day*	Friday, November 13, 2015	Remembrance Day*
December 23, 24, 25, 26, 27, 2013	Christmas Holiday Period	December 24, 25, 28, 29, 30, 31, 2015	Christmas Holiday Period
December 30, 31, 2013	Christmas Holiday Period	Friday, January 1, 2016	Christmas Holiday Period
Wednesday, January 1, 2014	Christmas Holiday Period	Friday, March 25, 2016	Good Friday
Friday, April 18, 2014	Good Friday	Monday, March 28, 2016	Easter Monday
Monday, April 21, 2014	Monday after Easter	Friday, May 20, 2016	Friday before Victoria Day
Friday, May 16, 2014	Friday before Victoria Day	Monday, May 23, 2016	Victoria Day
Monday, May 19, 2014	Victoria Day	Friday, July 1, 2016	Canada Day
Monday, June 30, 2014	Canada Day	Monday, August 1, 2016	Civic Holiday*
Monday, August 4, 2014	Civic Holiday*	Friday, September 2, 2016	Friday before Labour Day
Friday, August 29, 2014	Friday before Labour Day	Monday, September 5, 2016	Labour Day

*Brampton employees will not observe the November 12, 2012, November 11, 2013, November 10, 2014, November 13, 2015 holidays but instead will observe the October 5, 2012, October 11, 2013, October 10, 2014 and October 9, 2015 holidays.

*Etobicoke employees will not observe the November 12, 2012, November 11, 2013, November 10, 2014, November 13, 2015 holidays but instead will observe the August 6, 2012, August 5, 2013, August 4, 2014 and August 3, 2015 holidays.

HEALTH AND SAFETY

The Master Health and Safety Committee has negotiated a number of changes that will help create safer and healthier work environments at Chrysler facilities and stay current with important related issues.

- National Joint Health and Safety Committee will now receive and provide recommendations on new or revised policies and procedures; review emerging health and safety issues such as psychological health and safety and nanotechnology, and provide recommendations.
- Arc flash training - continued training for electricians and engineers who are exposed to electrical hazards has been negotiated.

- There will be a complete review of all current health and safety training programs.
- Noise Abatement Program - noise exposure monitoring results will now be maintained in medical files of exposed workers.
- Environmental representatives will now have more involvement in making recommendations concerning the environment, recycling and energy conservation, and participate in audits.
- Ergonomics – there will now be improved early intervention by ergonomic representatives in Chrysler facilities.

Your CAW-Canada Master Bargaining Committee at Chrysler



KEN LEWENZA
President



PETER KENNEDY
Secretary-Treasurer



DINO CHIODO
Chairperson of
Master Bargaining
Committee and
President Local 444



JERRY DIAS
Assistant to the
President



JIM STANFORD
Economist



WHITEY MACDONALD
National Representative



JO-ANN HANNAH
Director,
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Director, Research



PAT BLACKWOOD
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TONY GRECO
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DAVE CASSIDY
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JAMES STEWART
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MIKE LOVRIC
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LEON RIDEOUT
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ROD MCGILL
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