

CAW - Canada / General Motors

BARGAINING REPORT

Highlights of the Tentative Restructuring Agreement between CAW-Canada and General Motors

Production and Skilled Trades

HIGHLIGHTS

- Safeguards Pension Plan
- Preserves Retirees Health Care Benefits
- Production commitments in Oshawa and St. Catharines
- Preserves the Canadian investment advantage



DEFENDING OUR MEMBERS THROUGH AN INCREDIBLE CRISIS

Dear Brothers and Sisters;

In our decades of experience as trade unionists, we have never lived through an experience like our emergency 2009 bargaining with General Motors.

The pressure on our union was incredible. The company would already be bankrupt, if it weren't for government support on both sides of the border. But that support came with a price – in this case, an incredible series of demands for huge concessions from the workers.

We didn't cause this crisis. We didn't cause the global financial meltdown, the credit freeze, or the recession. We didn't sign the free trade deals that allowed imports to conquer our markets – with no ability to export back the other way.

Our labour accounts for 7% of the cost of producing vehicles. Yet we got 99% of the blame for the automakers woes. You

heard it: the call-in shows, the editorials, the conversations in donut shops.

That mean-spirited public stereotype is dead wrong. Canada's autoworkers are a great asset to this country. We are productive. We are innovative.

Bargaining with GM this time around was unlike any previous round of negotiations we have had. Government has been a key player at the table, and kept shifting the goalposts through this process. Every time we got close to a deal, we were confronted with a new demand.

After all, CAW members at GM just ratified a cost-saving deal with the company in March. U.S. President Obama then ripped up the GM restructuring plan, and our governments followed. They demanded more concessions.

And then the goalposts moved ever further. For example, on the morning

of May 16 we initialed agreements with GM on all issues except one: pensions. That same afternoon, government officials demanded much more in pension and retiree health concessions, after we had already reached the overall deal.

Faced with such offensive interference at the bargaining table, it was tempting to just walk away. But we never lost sight of our overarching goal: to do whatever we could to keep this company in business. That was our responsibility to the more than 25,000 retirees, and 9,000 active members and their families. If GM had liquidated, our pensioners would get only 39 cents on the dollar and lose their health benefits altogether. Our active members would lose their jobs. Families and communities would be destroyed.

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HEALTH CARE

Drug Plan

- **Dispensing Fee:** The maximum eligible dispensing fee covered by the Drug Plan has been reduced from \$11.00 to \$9.00 per prescription, effective on the 1st of the month following the implementation of the agreement.

Semi-Private Hospital

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

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 GM's restructuring plan and implementation of financial assistance agreements between GM and the Federal and Provincial governments.

OTHER BENEFIT MODIFICATIONS

- Effective January 1, 2010, the employee New Vehicle Purchase Discount will be discontinued.
- Tuition assistance will be provided to those eligible employees, employees on layoff and employees on a leave to retirement, who begin class prior to January 1, 2010. Employees beginning class subsequent to January 1, 2010 will not be eligible for the tuition assistance program.

TIME OFF THE JOB

- The remaining 40 hours of Scheduled Paid Absence will be converted to paid vacation hours. These hours will be converted effective in the 2010 vacation year. Workforce reductions arising from this conversion will result in equivalent workforce eligibility for restructuring incentives.

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.

INCOME SECURITY

- Full-time employees who are indefinitely laid off and return as summer vacation 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. An exception to this will be made for identified layoffs which commenced prior to June 1, 2009.

VACATION BUYDOWN

The \$3,500 vacation buydown has been eliminated to offset other costs, including pensions.

SUMMER SHUTDOWN

- Two consecutive weeks of vacation shutdown will be designated during the months of July and/or August.



PRODUCT COMMITMENTS

- During these restructuring talks, General Motors agreed to maintain the previously announced product commitments in Oshawa and St. Catharines.

TPT PROGRAM

- Expanded usage of TPTs during the workweek if no seniority employees are on layoff.
- Seniority employees on layoff, who opt to be a TPT, will now be covered by the equivalent TPT health care and insurance program.
- TPT employees hired on or after the effective date of this agreement will be paid the overtime premium only after 40 hours have been worked in any scheduled week.
- Current TPTs will be compensated at 70% of the base rate of the job classification.

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.
- A modified SUB program will be introduced for new hires.



HEALTH CARE TRUST

Under the contract, the union and the company have committed to negotiate a Health Care Trust (HCT) agreement to provide retiree health care benefits in the future. The federal government has agreed to make possible a new tax-efficient funding method, providing favourable tax treatment for companies expecting to pre-fund their retiree health care benefit costs (similar to the pre-funding of pensions).

The HCT will provide for retiree health care benefits only for current active members of GMCL (once they retire from service) and our currently retired members and their eligible dependents. (Future new hires will also be covered for retiree health care benefits, as specified in the New Hire Program contained in this collective agreement)

The HCT framework will determine all details of its operation, including:

- Timing of implementation
- Timeline of contributions into the trust

The agreed HCT framework will reduce the cost of financing negotiated retiree health care benefits, and will also help to protect retiree health care benefits if a company goes bankrupt. The Canadian HCT is premised on enough funds being deposited into the trust to fully support (according to reasonable 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
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
Friday August 31, 2012	Friday before Labour Day
Monday September 3, 2012	Labour Day

*Woodstock gets the August Civic Holiday three-day weekend (Monday August 6, 2012) instead of Thanksgiving.

PENSIONS

As a result of previous funding regulations, the deterioration in the number of active workers compared to retirees, and the current global financial crisis, the GM pension plan is currently seriously underfunded. A liquidation of GM would result in significant losses in pensions for both retirees and active workers.

A key victory in this round of bargaining is an agreement with GM to restructure the funding of the pension plan. GM commits to move to funding the pension plan on a solvency basis and to provide a significant upfront contribution within a month after rescinding qualifying plan status.

In addition, GM is obliged to fund the plan with further significant minimum contributions over the next several years. Together, these measures will mean the solvency funding level of the pension plan will be comparable to the plans at Ford and Chrysler, within a year, and will also be sustained at those levels.

GM will be making these payments as part of its overall restructuring plan. Governments on both sides of the border are helping GM avoid liquidation. Thanks to our contract, and to the overall restructuring package, GM will be able to live up to its pension responsibilities in the years to come.

This pension restructuring will be facilitated through the intended implementation of a special regulation by the provincial government. That regulation is expected to provide the opportunity for GM to elect 10 year funding under the Ontario solvency funding relief measures (as specified in the 2009 Ontario Budget) once they are in force. As part of this agreement, the regulation will also provide an exemption from the legislated grow-in provisions under Section 74 of the Pension Benefits Act until the plan reaches full solvency. (This does not apply to grow-ins under the GM collective agreement, which remain in place.)

Various sacrifices have been made in this agreement. In essence they are not only a contribution to the viability of the company, but can also be viewed as a contribution to the ongoing health of the pension plan.

We have managed to get this agreement without any reduction in the rates for both the Basic and 30-and-Out benefits, but we have agreed that there will be no pension benefit improvements until at least September, 2015.

In summary, our retirees and workers can be much more secure and confident about their current lives, and can look forward to a dignified and stable future.





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May 16, 2009

Cheryl Ollila
Director Labour Relations
General Motors Canada

John Stapleton
Chief Financial Officer
General Motors Canada

Greetings,

As you are aware, the current crisis in the economy and specifically the auto industry has led to the governments in the United States and Canada to force the CAW into negotiations with GM Canada Limited. Our recent meeting with the Federal and Provincial governments and GMCL resulted in a clear direction from the governments that unless the parties were able to reach a new agreement on labour costs and related matters, the governments would discontinue any support for the GM operations in Canada. As the governments indicated to both of us, the failure to reach an agreement will mean that GM Canada would not receive financing through CCAA in Canada.

This would of course mean a collapse of the GM operations as we know it today, affecting tens of thousands of GM workers, their families and their communities. The CAW has always maintained from the onset of this global, financial and automotive crisis, that we would be part of the solution on behalf of our members that we represent.

The CAW Master Bargaining Committee at General Motors has, for the last number of days, worked diligently to reach the targets outlined by the Federal and Provincial governments in order for us to reach a conclusion.

A critical part of these discussions, if we are to reach a settlement, must include the points that were outlined to you by the Federal and Provincial governments during our meeting held May 6, 2009. A key element to this was the commitment to the Canadian footprint for manufacturing for our current operations.

Therefore, part of any final solution to this difficult challenge put forward by the governments and GMCL must include the following:

1. A written commitment that all previously agreed to restructuring packages will be honoured as negotiated and agreed to at all locations of GM Canada.

National Automobile, Aerospace, Transportation and General Workers' Union of Canada (CAW-Canada)
Syndicat national de l'automobile, de l'aérospatiale, du transport et des autres travailleurs et travailleuses du Canada (TCA-Canada)



2. A written commitment from both the Ontario and Canadian governments, as creditors of GM Canada, and GM Canada that, if in fact we are successful in these discussions and implement a new amended collective agreement and after that, GM Canada enters CCAA or bankruptcy protection in Canada, neither of them will seek or support an order of the applicable bankruptcy court in those proceedings to force or mandate the CAW to participate in any collective agreement negotiation, or accept any amendments to the new collective agreement reached by the parties.

If changes in pension funding, or the delivery of post-retirement health benefits through a HCT are agreed to prior to such CCAA or bankruptcy filing then this paragraph applies to the area(s) in which such agreements were reached.

3. Any and all items that were not amended by the parties during this process will be automatically renewed as part of our agreement and will remain in place for the duration of this collective agreement.

We cannot emphasize enough that General Motors workers and their families and their communities depend upon a successful conclusion to our discussions. The CAW Master Bargaining Committee has worked extensively in our attempts to recognize the current crisis and to be part of the solution.

To this end, please find attached a CAW proposal that we believe fully satisfies the demands outlined to us by the Federal and Provincial governments and GM Canada. Attached you will find the CAW proposal for settlement of all issues subject to ratification and the three terms outlined above.

Yours truly,



Ken Lewenza
National President



Chris Buckley
Chairperson, Master Bargaining Committee



SUMMARY OF THE MARCH 2009 CAW-GM AGREEMENT

Monthly Health Care Contribution

Effective January 1, 2010 a new health care contribution will come into effect:

- Active employees and retirees under age 65 contribute \$30 per month
- Retirees age 65 or older and surviving spouses contribute \$15 a month

Drug Plan

The out of pocket maximum of \$250 for the 10% co-pay on drugs (combined family amount) increases to:

- January 1, 2010 -\$270
- January 1, 2011 -\$290
- January 1, 2012 -\$310

Lowest cost brand name drugs will be added back to the drug plan formulary.

Dental

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

Long Term Care

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

Life Insurance

COLA will no longer be included when determining a member's life insurance benefit.

Restructuring Events

All currently announced events will be covered under the terms of existing agreements.

For new events, document 12 and 13 will be modified to \$50,000 for production and \$60,000 skilled trades, plus a \$20,000 vehicle voucher.

Income Security

The remaining Income Security Fund maximum liability is increased by \$125,000,000 to reflect the extension of the agreement to 2012.

Dependent Tuition Refund Program

The Dependent Tuition Refund program benefit is reduced to \$1,300 per dependent per year, beginning January 1, 2010.

Special Contingency Fund

The combined cost of all union-sponsored initiatives will be reduced by one-third.

Annual Special Payment

The \$1,700 annual Special Payment is diverted to offset other costs.

Time Off

Schedule Paid Absence reduced by 40 hours.

Workplace Training

The Workplace Training Program will now provide 24 hours of training per member during the life of the contract, beginning September 2009.

DEFENDING OUR MEMBERS... *(continued from front cover)*

That was the gun to our heads. But we responded in a principled, pragmatic manner. And we fought back.

We stepped up our fight for pensions. We clearly won the public argument that pensioners must not be the victims of a crisis they didn't create. We mobilized 15,000 pensioners at Queen's Park. We occupied the offices of MPPs. And we pushed back hard against the most outrageous proposals we faced at the bargaining table.

Our union's motto is, "Fighting back makes a difference." And it made a difference even here, with our backs against a wall.

We present to you a new collective agreement with no wage cuts. No reductions in pensions. Most core benefits preserved. Dramatic improvement in the security of our pensions. And a health care trust with real up-front money in it, to preserve the security of our retiree health benefits.

Considering the state of the company we work for, that's an incredible achievement and a bargaining victory in itself. There are many other Canadians working for bankrupt companies who could only dream of preserving what we have

preserved in this contract. They need our union's support as well. And this is why we will continue to press ahead with our demands for stronger pension, severance and EI protections, for the betterment of all working people throughout the country.

We have fought hard to preserve the things that matter most. We have stuck together as a union. And we have lived to fight another day.

Thank you for the solidarity and support you have shown your union. We join with all the members of the CAW-GM Master Bargaining Committee in unanimously recommending your ratification of this agreement.

In solidarity,

Ken Lewenza
CAW National President

Chris Buckley, Chairperson,
CAW-GM Master Bargaining
Committee and President,
CAW Local 222



Your CAW-Canada Master Bargaining Committee at General Motors



KEN LEWENZA
President



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Secretary-Treasurer



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KEVIN GRAY
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MIKE MUNCE
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TERRY WHITE
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Master Chairperson,
Local 1973, Windsor



SANDRA ROSS
Chairperson,
Local 636,
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CANADA

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RECOMMENDATION

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