Invest in Canada

Top Quality and Productivity

UNIFOR
theUnion | lesyndicat

Quality is Key to Success

Owing to our highly skilled workforce, Canada is a world leader when it comes to automotive quality in all five of our global assemblers. And within the Detroit Three we punch far above our weight as vehicles built by Unifor members regularly earn double the average share of top quality awards. It's no wonder that Canada specializes in building higher-end and the most complex vehicles. And as new vehicles become increasingly connected, and apply ever-more complex technology, automakers' quality records will become even more essential to their success.

The industry benchmark J.D. Power Initial Quality Study has been rating and ranking models and overall plant-level quality for more than two decades. The awards recognize those models and plants with the fewest defects, a measure that closely considers the care and precision of the final assembly process and which is most directly attributable to the work of our members.

Over the last two and a half decades, Ontario assembly plants have earned a remarkable one-third of the North American J.D. Power Plant Quality Awards, the most of any jurisdiction. This is despite the fact that we only have 11 per cent of the plants in North America. In comparison to other major auto-producing jurisdictions such as Michigan, Kentucky, Ohio or Mexico, Ontario has by far the strongest quality record, and is impressively over-represented (see Figure 1 at right).

Within the Detroit Three, we have an equally strong quality record. In the four years since we last negotiated, models built by Unifor members have earned 28 top quality awards, 33 per cent of all awards earned by the Detroit Three vehicles, but we only produce 15% of the models (see Tables 1 and 2).

Figure 1. J.D. Power Plant Quality Awards, 1990-2016
1/3 of North American awards go to Ontario assemblers

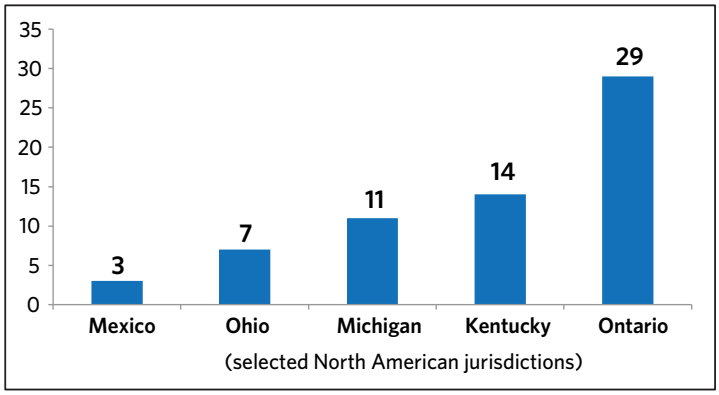


Table 1

Model Quality Awards, Detroit Three 2013-2016
(Number of vehicles ranked in top three in segment)

	2013	2014	2015	2016	Total
Unifor Vehicles	6	8	8	6	28
Detroit Three Vehicles	18	20	23	24	85
Unifor Share	33%	40%	35%	25%	33%

Source: J.D. Power Initial Quality Study, selected years

Table 2

Unifor-built Model Quality Awards, 2013-2016 (Vehicles ranked in top three in segment)			
2013	**2014**	**2015**	**2016**
Buick Regal	Chevrolet Camaro	Chevrolet Camaro	Chevrolet Equinox
Chevrolet Camaro	Chevrolet Equinox	Chevrolet Equinox	Chevrolet Impala
Chevrolet Equinox	Chrysler Town & Country	Chevrolet Impala	Chrysler Town & Country
Chevrolet Impala	Dodge Challenger	Chrysler 300	Dodge Challenger
Chrysler 300	Dodge Grand Caravan	Chrysler Town & Country	Dodge Grand Caravan
Chrysler Town & Country	Ford Edge	Dodge Challenger	GMC Terrain
	GMC Terrain	GMC Terrain	
	Lincoln MKX	Lincoln MKX	

Source: J.D. Power Initial Quality Study, selected years

Unifor members also build several key powertrain components, including engines and transmissions at General Motors' St. Catharines operations, and engines at Ford's Windsor operations. Both locations are renowned for industry-leading quality, having earned multiple corporate quality awards in recent years (including GM's *Global Manufacturing Top Performing Plant* awards, and Ford's *North American President's Quality Awards*), as well as multiple quality awards from industry analysts (including Ward's *10 Best Engines* award).

Productivity Delivers Results

Canada's automotive workforce is routinely among the most productive in the industry, and has delivered impressive growth in recent years.

Productivity measures the efficiency of a production process by capturing the relationship between output and the units of input. Economists consider productivity to be one of the primary indicators of economic health, as it drives business performance and forms the basis of national prosperity. Labour productivity in Canadian auto manufacturing is exceptionally high and the rate of growth has been faster than the industrial average.

In 2015, output per worker in Canadian auto assembly was $200,856, which was 64 per cent higher than the than the manufacturing average and 96 per cent higher than the overall Canadian industrial average (see Table 3).

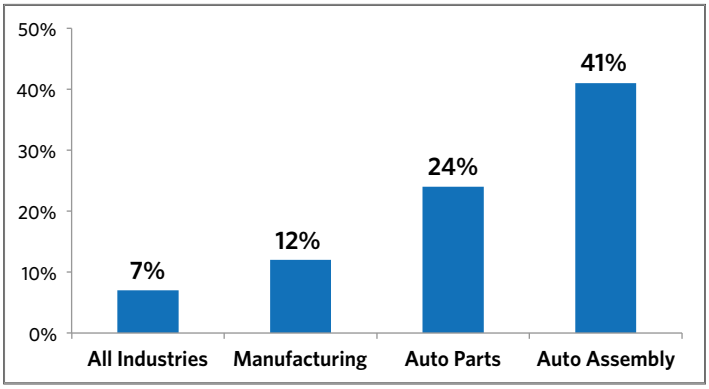
Table 3

Canadian Labour Productivity, 2015		
	GDP per employee	**Premium over industrial average**
Auto assembly	$200,856	96%
Auto parts manufacturing	$131,554	28%
Manufacturing	$122,245	19%
Industrial average	$102,472	—

Source: J.D. Power Initial Quality Study, selected years

Not only are labour productivity levels much higher in auto manufacturing, but the growth rate of labour productivity is much faster than in other industries. Since the recession of 2009, through 2015, labour productivity increased by just 7 per cent across all Canadian industries, while in manufacturing the increase was 12 per cent, in auto parts the increase was 24 per cent, and in auto assembly labour productivity increased by 41 per cent. Over this period labour productivity in auto assembly has grown *five times faster* than the overall Canadian average.

Figure 2. Labour Productivity Growth, 2009-2015
GDP per hour worked



Over the longer term, the average annual growth rate of labour productivity in the wider motor vehicle and parts manufacturing industry has been 80 per cent faster than the industrial average during the past two decades.

A look at the Detroit Three automakers shows labour productivity at each automaker is, on average, much higher than other publicly traded firms. Between 2011 and 2013, labour productivity (measured as revenue per employee) at General Motors was 62 per cent higher, on average, than all U.S.-listed firms. Labour productivity at Ford was 83 per cent higher and at FCA the productivity premium was 89 per cent above the average of all publicly traded firms.

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Sources: GDP and hours worked from CANSIM Tables 379-0031 and 383-0031. Revenue and employment data for GM, Ford and Chrysler/FCA from Compustat through Wharton Research Data Services and from company annual reports. U.S. CPI from the Bureau of Labor Statistics.