IPS Auto Parts Bargaining Conference

Bargaining Agenda

Priority issues and bargaining policies

Adopted:
May 25-26, 2017
London, Ontario

unifor

Contract Duration and Alignment of Expiration Dates

Contract Duration and Alignment of Expiration Dates

Issue in brief

Collective bargaining presents an opportunity for Unifor members to respond to changes in the work environment, the economy and government policies. It is also when members are most active and engaged with the union. Making sure that we negotiate agreements that are long enough to provide some stability, but frequent enough to be able to respond to changing conditions and engage with our members is our goal. Over many decades our union has determined that a standard duration of three years achieves our goals. Many companies have sought longer agreements in recent years, and some unions have embraced contract durations of five, six, or more years. Our union believes that long-term contracts tip the balance too far in favour of employers and weaken the union. Setting a clear standard for the union strengthens our bargaining committees.

Establishing contract duration can also be about aligning collective agreement expiration dates. The IPS Auto Parts Task Force addressed the question of strengthening co-ordinated and pattern bargaining, including considering efforts to move a majority of our negotiations to a single time frame. This would be a multi-year project, and careful consideration needs to be paid to whether a dispersed, or concentrated, bargaining calendar yields greater collective strength.

Current situation

- Unifor has successfully held off demands for long-term agreements in the auto parts sector.
- Two-thirds of our auto parts members are currently covered by an agreement of three years' duration or less (68%); one-third by an agreement of four years' duration (31%); and just a fraction (1%) by an agreement of five or six years.
- Ministry of Labour records of current auto parts agreements indicate that Unifor agreements have a membership-weighted average duration of three years (37 months), compared to an average of four years (47 months) among other unions. One third of auto parts agreements with other unions are for duration of five or six years.
- The trend among Unifor auto parts agreements is toward fewer four year agreements. Among the 30 Unifor auto parts settlements with an effective date starting in 2016, 90% were for duration of three years or less. And among the 22 settlements so far this year, 91% were for duration of three years or less.
- The bargaining calendar among current Unifor agreements is widely dispersed. As in years past there is a concentration of bargaining in the year following Detroit Three negotiations, with about a quarter of our members remaining up for negotiations this year, and a similar proportion in each of 2018, 2019 and 2020. Should the majority of settlements remaining this year be for a three-year duration, we will see another concentration of negotiations in 2020.
- Some major employers have multiple Unifor-represented units with active corporate councils, and there is a degree of bargaining alignment among some of these units. However the potential for bargaining alignment by company extends well beyond a handful of the largest employers. Two-thirds of Unifor auto parts members are covered by an agreement with at least one other Unifor-represented facility.

Contract Duration and Alignment of Expiration Dates

Bargaining policy

Unifor auto parts bargaining committees will:

- Propose collective agreements for a maximum duration of three years.
- Consider a collective agreement with duration longer than three years only with the approval of the President's office to align negotiations with other units, in cases of significant long-term facility investments, or for other strategic considerations.
- Where an employer has more than one Unifor-represented bargaining unit, Local Union Executives, in-plant leadership and National Representatives of the units will convene a meeting within six months of this bargaining conference to consider the potential for the alignment of bargaining dates, and report their recommendations to the IPS Council meeting in the spring of 2018.

New Hires, Wage & Supplemental Health Benefit Progressions

New Hires, Wage & Supplemental Health Benefit Progressions

Issue in brief

Having two workers doing the same work, but with permanently different wages, goes against the most fundamental principles of trade unionism. The call for "equal pay for equal work" and the fight against unequal treatment in the workplace date back to the earliest struggles of the labour movement. Overcoming competition among workers, and removing management's power to play favourites, are among our most basic principles. Two-tier wages are a bad idea that keeps coming back, despite a long legacy of failure.

Facing a demand to give things up is not new. But the push for two-tier agreements comes with the insidious appeal to sacrifice workers who have yet to be hired, in exchange for the false promise that the jobs and conditions of existing workers can be protected. By setting up a permanent second class of members, this kind of concession holds the promise to ultimately destroy the union. Telling the next generation that they can never enjoy the same wages as their predecessors is too far a departure from the principle of equality. It can only create deep and lasting divisions among workers. Two-tier wages are also a terrible idea for employers, as the declining morale and lack of cohesion in the workforce negatively affects productivity and quality.

Our union has fought off company demands for a permanent two-tier wage system in the auto sector consistently for more than a decade. In response to the permanent two-tier wage system in the U.S. Detroit Three, compounded by the overvalued Canadian dollar, in 2012 Unifor negotiated an extended wage progression in the Detroit Three as an alternative to the company's insistence on a permanent two-tier system. The extended progression at the Detroit Three ensured all members are on a path to full wages, while maintaining labour costs in the ballpark for new investments. In face of growing pressure among their membership the UAW adopted its own extended wage progression in 2015. Demands for two-tier wages systems and extended progressions continue to feature in auto parts negotiations. Setting clear standards will strengthen our bargaining committees.

Current situation

- Unifor has successfully resisted two-tier wages in the auto parts sector.
- An recent independent review of auto parts agreements by researchers at MacMaster University and Queens' University (Sweeney, Holmes and Miller, 2017) examined nearly every agreement in the sector among all unions (142 agreements covering 27,000 employees), and found that:
    - Just 15% of unionized auto parts workers are covered by an agreement with a permanent two-tier wage system in which newly-hired members never reach full wages.
    - Among the 14 agreements with a permanent two-tier wage system, only two were with Unifor, covering just 300 members.
    - Unifor has by far the strongest record among all unions, with just 2% of our agreements having a two-tier wage system, covering less than 2% of our members.
    - Among other unions in the auto parts sector, agreements with two-tier wage systems covered between 22% and 68% of their members.
- Unifor has held off two-tier wages in auto parts agreements that cover 98% of our members. As the largest union in the sector, our stand has helped contain the spread elsewhere.

New Hires, Wage & Supplemental Health Benefit Progressions

- Extended wage progressions have been negotiated as an alternative to permanent two-tier wage systems. The same and independent analysis found that:
    - Over the last decade the starting rate for newly-hired unionized auto parts production workers has declined from an average of 86% of the full job rate in 2007, to 80% last year.
    - Over the same period, the average duration of wage progressions has increased from about a year-and-a-half (19 months), to nearly four years (46 months).
    - Despite high-profile examples of longer wage progressions, the decline in starting rates over the last decade has been relatively minor (6%); while the duration of the progression has increased by slightly more than two years.

Bargaining policy

Unifor bargaining committees will:

- Reject permanent two-tier wage or supplemental health benefit structures in which newly-hired members never reach full rates.
- Where a wage or supplemental health benefit progression is established, prioritize setting the start rate as high as possible, and the duration to full rate as short as possible.
- Limit progressions to start at a minimum of 70% of the full rate; and for wage progressions, in no case lower than $15 per hour.
- Limit the duration of progressions to a maximum of 48 months to reflect the current industry average.
- Maintain existing progressions that are better than the limits established by this standard, and negotiate to improve other progressions to align with this standard.
- Progressions with a start rate lower than 70%, or for a duration longer than 48 months, will be considered if the starting wage rate is $21 per hour or higher, and the full job rate $35 per hour or higher.

Agency and Temporary Work

Agency and Temporary Work

Issue in brief

Employers in every part of the economy are increasingly trying to run their operations with more temporary, or "temp," workers. Sometimes these are workers directly employed by the company, and sometimes these are workers supplied by a third-party agency. For employers, having workers that they can easily get rid of, or can dramatically reduce their work hours, or easily change their schedule, affords them a lot of flexibility. But for temp workers it means endless insecurity, and typically at far lower pay and benefits than permanent workers. And for permanent workers, the growing number of temp workers only adds to downward pressure in the workplace.

In auto parts, many of our employers are trying to have more temp workers become a regular part of the operations. Many of our collective agreements address issues around temporary work through the scope clause, and specific language regulating temporary work, however there is wide variation. Setting clear standards will strengthen our bargaining committees.

Current situation

- Today, more than 2 million Canadians are in temporary jobs—the most ever recorded. Since 2000, the number of workers on contract has ballooned by almost 50%—more than double the pace of permanent job growth in Canada. Part-time jobs are still being created at a faster clip than full-time jobs. And almost one million Canadians are working two jobs in order to make ends meet.
- Although there are no recent comprehensive statistics or reports on agency and temp workers in the auto parts sector, a look at the situation in the overall Ontario manufacturing sector is revealing.
- Among the 750,000 manufacturing workers in Ontario, 46,000 are temporary (6%), 35,000 are part time (5%); 36,000 are self-employed (5%); and 24,000 (3%) hold multiple jobs. Some workers may fall into more than one of these categories, but in total precarious conditions could affect upwards of 140,000 people in Ontario's manufacturing sector, or about 1 in 5.
- The trend toward precarious work in Ontario manufacturing is growing. Compared to a decade ago, the proportion of workers in these precarious categories has increased by 25%.
- Temporary staffing agencies have increasingly become dominated by major global multinationals. In Canada, the largest agency is Swiss-based Adecco, and the second-largest was Netherlands-based Ranstad. Temporary staffing in Canada is expected to generate $8.5 billion dollars in revenue this year.

Agency and Temporary Work

Bargaining policy

Unifor bargaining committees will:

- Ensure that collective agreements prohibit the use of third-party temporary agencies from conducting bargaining unit work.
- In situations where our employers wish to use temporary workers, negotiate provisions to:
    - ensure that the employees are directly employed by the company and part of the bargaining unit;
    - ensure that that wages for temporary workers are established in the collective agreement, reflect as a minimum the start rate of the job for permanent employees, and that the payment of union dues is in accordance with the constitution;
    - provide clear threshold limits (for example, use of temporary employees is capped at maximum 10% of active bargaining unit headcount);
    - provide clear language on the use of temporary workers (for example, only used on Monday and Friday, cannot be used to prevent hiring or filling a vacancy through the posting procedure);
    - ensures that temporary workers cannot be used when permanent bargaining unit members are on involuntary layoff;
    - establishes a path to permanent employment for temporary workers including recognition of prior service, and safeguards against termination of temporary workers to avoid transition to permanent status; and
    - includes a mechanism for the union to cancel the use of temporary workers, provided a reasonable amount of notice.

Pensions and Retirement Income Security

Pensions and Retirement Income Security

Issue in brief

Collective bargaining is key to workers negotiating workplace pension arrangements to achieve a decent, secure and adequate retirement. These are plans in addition to universal social security programs such as Old Age Security (OAS) and the Guaranteed Income Supplement (GIS); as well as public pensions such as the CPP/QPP. Our members rely on all three streams, or legs of the retirement income stool to provide an adequate and secure income in retirement. The OAS and CPP can only provide up to $1,700 per month combined (at age 65 and an annual income of $55,300), or about 30% of regular income. So we rely on our negotiated workplace plans for a further 40% of income being replaced in order to reach an adequate income replacement rate of 70%, along with options for earlier unreduced retirement pensions and other critical benefits.

However, the single employer defined benefit (DB) model - so successful in the post-war era - is under continuous attack. Employers continue to fight to end DB plans with few new DB plans having been negotiated in past decades. While DB plans continue in many union workplaces, they are often closed or frozen if not also under-funded. Our members increasingly at retirement opt to take their commuted value transfer rather than receive a lifetime pension due to the insecurity of their workplace DB plans.

Current situation

- Where defined contribution (DC) or RRSP plans exist, they are often far from reaching the 40% goal, and will leave our members with an inadequate income at retirement.
- The IPS sector has a broad range of pension types with only 41% of plans being DB while capital accumulation plans (DC, RRSP or other money purchase plans) account for 39% of all IPS plans. This number is no doubt actually higher if measuring the number of members as many DB plans are closed to 'new hires', those members being in DC plans but not counted as such. As well, CWIPP now stands at only 9% as the major multi-employer target benefit (TB) alternative. We must begin the frank discussion around the role of CWIPP work and decide if a Unifor IPS sector Multi Employer Pension Plan (MEPP) is a viable option.
- Our sector also has enormous diversity in retirement plans - with DB plans with lifetime benefit rates ranging from $23 to $56 per month per year of service, and DC plans as low as 1% and more typically around 3% of earnings matched. This only compounds the challenges we will face in our efforts to build stronger common standards around protecting pensions and all-in labour costs.
- Beginning in 2019, the CPP enhancement will also begin to be a negotiating table conversation. We must be prepared to maintain the enhancement in all occupational pensions and resist any reduction or offset in the workplace plan if it provides less than 40% in income replacement.
- The legislative agenda and need for political action continues. Unifor members need to continue to support legislative reforms to protect worker pensions around bankruptcy, PBGF insurance, and solvency relief that secures workers' pensions. We also need to defend and strengthen our public pension system and social security programs, including mobilizing to defend age 65 normal retirement; to extend the CPP program as well as setting a 'best interest' standard for the financial services industry. And finally we must be ready to mobilize against any attack on accrued pension benefits within the parts sector and support workers in other sectors under attack.

Pensions and Retirement Income Security

Bargaining policy

Unifor bargaining committees will:

- Propose a minimum floor at 4% of annual payroll for negotiated employer cost to workplace retirement plans and propose plan improvements to achieve an income replacement benefit level of a minimum 40% for all workplace plans.
- Resist any integration of CPP enhancement, or carve-out, where the workplace pension is providing less than 40% income replacement.
- Propose where applicable an intra-corporate council pension to consolidate retirement plans and otherwise.
- Propose a minimum set of plan features within each plan types – defaults, matching formulas, annuity features, clear description of fees and expenses as endorsed by the IPS Council.
- Propose annual member statement disclosure for all pension plans including total contribution, commuted value, accrued benefit and projected retirement income on statements, including an annual joint workplace pension meeting.

Notice of Commercial Contract Renewal

Notice of Commercial Contract Renewal

Issue in brief

The process of renewing existing commercial contracts, and bidding on new work, is regular feature of the auto parts industry. However, at times the work of our members is up for renewal, or our facilities are bidding on work currently done by other Unifor members, without our knowledge.

We need to remain on guard to ensure that every time our work is up for renewal, or there is the potential for new work, that the employer does not approach this as an opportunity to seek savings from our members. However, sometimes the clients for our products have issues and concerns that can be addressed with our input. But at times the client is initiating a bidding process simply in an effort to ratchet-down costs and spark cost-savings and concessions among suppliers. In either of these cases having advance notice of the expiration of our major commercial contracts provide us with the opportunity to address any issues, and coordinate among Unifor auto parts workplaces, and with Local Unions in Detroit Three if they are the client involved.

Current situation

- Local union leadership learn of important renewals and bidding on commercial contracts in a variety of ways; sometimes with significant notice, sometimes with very little notice, and reach out to senior union leadership where there are concerns about the job security of our members.
- Detroit Three local union leadership have secured commitments from each of the companies for regular meetings to review sourcing, and have a long-established practice of meeting to review sourcing decisions, and issues or challenges concerning Unifor-represented workplaces.
- The union has had many effective interventions on behalf of our members concerning commercial contracts; however there remains no formal obligation for employers to provide us with advance notice.
- Some auto parts facilities have one or two large commercial contracts in which advance notice provides greater opportunities to intervene, while other facilities have multiple contracts with several clients.

Notice of Commercial Contract Renewal

Bargaining policy

Unifor bargaining committees will:

- Include in the notice to bargain a request for disclosure concerning current commercial contracts including products, volumes, vehicle programs, customers and duration of the contracts.
- Where no language currently exists, bargaining committees will propose the following:
    - "The company and the union recognize that the renewal of commercial contracts, and bidding on new work, are ongoing and a regular features of business. Furthermore, the parties agree that the union can have a constructive role in securing existing and new work. The company commits to provide the union with a minimum of six (6) months' written notice of the expiration of any commercial contract that has the potential to negatively impact 10% or more of the bargaining unit workforce. When such notice is provided, the company will meet with the union within 30 days to discuss developments."

Auto Parts Sector Preferential Hiring

Auto Parts Sector Preferential Hiring

Issue in brief

Job security is a top concern among our members. We cannot always control what employers do, when they invest or when they close plants. But sometimes we can find ways to ensure workers who lose jobs can find new work at another workplace. On a number of occasions we have successfully ensured that our members move with their work to other employers, or that laid off members are afforded priority access to new jobs elsewhere.

Auto parts employers regularly cite the importance of having experienced and skilled workers, in both production and trades jobs, as key to their success. As much of the industry undergoes a generational change, and we see increasing levels of new hiring, employers look to find experienced people accustomed to the pace and rhythm of work in the auto parts sector.

Sector-wide preferential hiring may be a long-term goal; however employers strongly guard their rights to hire. Despite this, there are possible steps to take to strengthen our members' access to new jobs, including commitments to fill openings with laid off former members of the workplace, advance notice to the local union, commitments to interview, and reporting to the local union on the status of hiring.

Current situation

- At times our union has been able to secure commitments from auto parts employers to provide preferential hiring rights to laid off members from one facility to move to another facility, typically in the advent of a closure or major layoff.
- There remain few standing commitments in our collective agreements to provide enhanced access to openings to laid off Unifor members.

Auto Parts Sector Preferential Hiring

Bargaining policy

Unifor bargaining committees will:

- Negotiate provisions to ensure that in the event of new hiring laid-off members from the workplace who have exhausted recall rights will be afforded first opportunities to apply for openings, that employers will grant interviews to former employees, and fill openings with former employees as a priority.
- Negotiate provisions to provide the local union with advance notice of new hiring, and secure commitments from employers to grant laid-off Unifor members from other auto parts facilities interviews, and to report to the local union the number of former Unifor members who applied as a proportion of total applications, and the number hired.
- Where no language currently exists, bargaining committees will propose the following:
    - "The company and the union recognize the importance of experienced and skilled workers, in both production and trades jobs, as being essential to the success of the operations. Auto parts workers who have been laid off through no fault of their own possess a wealth of experience and readily transferable skills that that can be applied to work in other auto parts facilities.
    - In the event of new hiring the company will provide the local union with 30 days' advance notice, provide laid-off members from the workplace who have exhausted recall rights a first opportunity to apply for openings who will be granted interviews, and the company will fill openings with former employees as a priority. Furthermore, in the event that openings are not filled by former employees, the company will provide applicants who are laid-off Unifor members from other auto parts facilities an interview, and will report to the local union the number of former Unifor members who applied as a proportion of total applications, and the number hired."

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Amendments

The IPS Auto Parts Agenda will be modified occasionally. The following are additions to the existing policy.

Amendment #1

Bargaining out ESA Regulation 502

Where auto workers are excluded from new provision regarding emergency days under ESA, Bill 148.

ISSUE IN BRIEF

- ESA Bill 148 provides workers in Ontario with 10 emergency days, with the first two paid for.
- Since January 2017, auto workers have been limited to seven emergency days under a temporary Ontario Liberal Government regulation to the Act (Regulation 502).
- Where under Bill 148 the Ontario Government made improvements to the ESA, amongst them was that workers would continue to receive 10 emergency days, but the first two would be paid.
- Where our Union believed that under the new Bill 148 the temporary exclusion for auto workers would be removed.
- However, the Ontario Government did not remove the temporary exclusion under Regulation 502.

BARGAINING POLICY

That all bargaining committees include in their proposal and bargain with their employers that Regulation 502 does not apply to their membership and that the auto workers are entitled to the same benefits as all other workers in the province of Ontario under Bill 148.

Amendment #2

Bargaining Minimum Wage *Plus*

ISSUE IN BRIEF

- On January 1 2017, the Government of Ontario made a significant change to the minimum wage in Ontario. It now stands at $14.00 per hour.
- The government has another proposed change for January 1 2019 of an additional $1.00 per hour.
- In addition, government legislation mandates further minimum wage increases in line with inflation on a yearly basis thereafter.

BARGAINING POLICY

That all bargaining committees commit to adding language in their collective agreements, where our members are paid at or just above the minimum wage to the following formula. The language should safeguard the minimum wage inflation increase "+-plus"

Minimum wage + (minimum) 2%

Unifor Research Department
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