

CAW-CANADA / FORD OF CANADA BARGAINING REPORT



HIGHLIGHTS OF THE TENTATIVE AGREEMENT BETWEEN CAW-CANADA AND FORD OF CANADA
PRODUCTION AND SKILLED TRADES SEPTEMBER 2012

LOOKING FORWARD TO THE FUTURE

HIGHLIGHTS

- Ratification bonus
- Cost of living lump sum payments
- New jobs created
- In-sourcing of work
- Retirement incentives
- No two-tier system



MESSAGE FROM THE PRESIDENT

Ken Lewenza

Respect, hard work, and hope

The auto industry has been to hell and back over the last few years. Bankruptcy or near-bankruptcy; plant closures and layoffs; and endless squeezing of the workers. We account for 5% of the total cost of building and selling a vehicle – yet our wages and benefits seem to attract 99% of the attention.

CAW members did our share to help save the Canadian industry in 2009. And through our high-quality and productive labour, we keep on building this industry, every day of the year.

As we entered 2012 bargaining, we knew we couldn't simply demand back everything that was lost in 2009 – not with the high Canadian dollar, the still-fragile state of the industry, and all the negative attention on our "fixed costs."

All we asked was that existing employees be rewarded in some way for their sacrifices, and their hard work, in turning

the industry around. We fought back demands for additional enormous concessions. And while we were willing to expand our new hire grow-in program, we rejected the concept that new hires should be permanent second class citizens.

The companies were incredibly aggressive – more aggressive even than in 2009, when their backs were against the wall. We had to threaten an unprecedented work stoppage at all three companies. Finally, one company – Ford Canada – signalled they were willing to reach for a deal. It was the solidarity and discipline of you, our members, that won this degree of respect for our union.

Then your elected CAW-Ford bargaining representatives really got the job done. They negotiated a tentative agreement that provides bonus payments in each year, protects your incomes against inflation and preserves crucial benefits and standards

that we've built up over decades. The new jobs and retirement incentives we have negotiated should allow every laid off CAW member at Ford an opportunity for employment over the life of the agreement.

We are now in a major struggle to win this same deal for our members at General Motors and Chrysler. You can be proud of your CAW-Ford Master and Local Bargaining Committees for achieving this contract without a work stoppage, and I join them in unanimously recommending it 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. We did our best to secure future jobs and 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 are 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 CPI-linked 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 growth-in schedule. The companies pushed us to the wall on this issue. But Ford, to its credit, accepted our principle that new hires should be able to work their way to the top.

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 600 jobs. That's why I join with your entire CAW-Ford Master Bargaining Committee in unanimously recommending this tentative agreement for your ratification.

In solidarity,
Peter Kennedy
CAW National Secretary-Treasurer



MESSAGE FROM THE CHAIR

Positioning ourselves for the future

This set of negotiations with Ford Motor Company was focused on the needs of our members for greater opportunities and a future in the automotive industry. The lengthy recession and economic malaise in the auto industry have left workers feeling insecure and concerned about their jobs. Our members also remembered clearly all that they had sacrificed during the economic crisis.

Before going into negotiations and during the process, our members made their expectations clear: to protect wages, pensions and benefits, and to be rewarded for sacrifices they made in 2009. We're happy to have succeeded on that front. I'm pleased to report that our new agreement keeps core values intact by maintaining the COLA principle (including the current 33 cent COLA float) and the Defined Benefit pension plan, both of which the company sought to eliminate. \$9000 in bonuses over 4 years recognizes our members' contributions to the company's turnaround.

Your CAW-Ford Master and Local Bargaining Committees were successful in securing more than 600 new job commitments.

In Windsor, 35 new jobs will be created in Nano head machining. Recognizing the hard work of CAW Local 200 members, we were able to negotiate a commitment from Ford that Windsor will have the first opportunity to secure any new engine program in North America. The company also agreed to a formal structure for identifying component insourcing opportunities.

New jobs in Oakville will create employment opportunities for our laid off members. There will be a third shift introduced in the body shop, the paint shop and pre-trim (BAMR), creating 230 jobs in 2013. We've also been able to insource 20 after-market jobs (Crown). In 2014 with the launch of the CD4.2 platform that was negotiated in 2009, 300 more new jobs will be added to the plant, in addition to 50 more new in-sourced sub assembly jobs. We also were able to bring back a minimum

of 60 premium jobs for relief positions.

I'd like to extend my sincere thanks on behalf of your CAW-Ford Master and Local Bargaining Committees for the support of the membership and their families throughout this challenging set of negotiations. The membership in every facility was steadfast in their support of the committees and this gave us strength at the bargaining table. I'd also like to thank the committees who worked tirelessly on our members' behalf to set a framework for this and other agreements to follow.

In solidarity,
Gary Beck
Ford Master Bargaining Committee Chairperson
and CAW Local 707 President



WAGES

WAGES AND COLA

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

Current earnings:

Assembler	Trades
\$34.18	\$40.58
includes 33¢ COLA	includes 33¢ COLA

The current 33¢ per hour cost of living allowance float continues to be paid, and remains unchanged until June 2016. Further cost of living adjustments will be added beginning with the June 2016 COLA adjustment.

ANNUAL CPI-LINKED BONUSES

To offset the impact of ongoing price increases on the cost of living, lump sum CPI-linked 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)
Benefit Class A, B, C	\$68.60, \$68.85, \$69.10	\$3,545
Benefit Class D	\$81.60	\$3,925

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

Future retirees will have the option to take the commuted value (lump sum) of the pension at retirement in lieu of a monthly pension.

Current active CAW members who lost credited service in Plan 1 (production) or Plan 2 (office) during pregnancy or parental leave prior to 1990, will have service reinstated.

WORKPLACE TRAINING PROGRAM

Company funding for the Workplace Training Program is renewed.

Curriculum will continue to be developed to reflect current issues.



PRODUCTIVITY AND QUALITY BONUS

The CAW has negotiated a productivity and quality 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**. The payment will be made within two weeks following ratification.

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.



NEW JOBS AND INVESTMENT

Committing to new jobs is a good sign for Ford CAW members, resulting in a more secure future for our operations and providing real job opportunities to our laid off members. With this contract Ford commits to in-sourcing and production volume increase actions that will create 635 new jobs over the life of the agreement. This contract also gives our Windsor operations priority in future North American engine allocation decisions.

OAKVILLE

- A 3rd shift in body, paint and pre-trim resulting in 230 jobs.
- Vehicle personalization work resulting in 20 jobs.
- New content associated with the launch of the CD4.2 platform in 2014 resulting in 300 jobs.
- In-sourcing sub-assembly work resulting in 50 jobs.

WINDSOR

- First site of opportunity for any future engine sourcing decisions in North America.
- Nano head machining work resulting in 35 jobs.
- Commitment to work with the union to identify component in-sourcing opportunities.
- The company confirmed that the 6.8 litre engine program will continue through the life of the agreement.

The volume and in-sourcing actions at Oakville Assembly will result in 600 preferential hire opportunities for laid off employees at other locations on a 1-for-1 basis.

RESTRUCTURING AND RETIREMENT INCENTIVES

A top priority in this set of negotiations was to address the high number of members on layoff. This contract will result in employment opportunities for virtually all members on layoff, both through the preferential hiring arising from new jobs at Oakville Assembly, and the offering of restructuring incentives. Retirement-eligible production members will be offered a \$50,000 lump sum (\$60,000 for trades), and a \$20,000 vehicle voucher as follows:

- Immediately following ratification the company will conduct a restructuring canvass among all normal and regular early pension-eligible employees at all locations.
- If retirement-eligible acceptance is not enough to return all employees currently on layoff who are interested in the created opportunities, employees with a minimum age of 55 and 10 years of service will be canvassed.

Openings at Oakville Assembly resulting from the acceptance of these retirement incentives will be matched with preferential hire opportunities for those on layoff at other locations.

The company has committed to work with the union to identify opportunities prior to the 5.4 litre engine work being balanced out in order to offset any resulting job loss.

Any other restructuring event will result in a canvass for restructuring incentives, first in the affected location, then in other locations if required to offset the lost jobs.

SKILLED TRADES

APPENDIX "T" JOB SECURITY AND SKILLED TRADES WORK OWNERSHIP

This important language has been maintained during this difficult set of negotiations. The committee successfully defeated attempts by Ford to make drastic changes to the language.

NEW TECHNOLOGY AND TRAINING

Language was negotiated to provide meaningful discussion and ensure that the training needs of the skilled trades are addressed to perform needed work.

TRAINING FOR TRADES TO REDUCE RELIANCE ON OUTSIDE CONTRACTORS AND VENDORS

Language was also negotiated to deal with the company's reliance on outside contractors and vendors that will allow our skilled trades active participation to ensure members have the necessary knowledge to fulfill duties.

SKILLED TRADES FORECASTING

The company and the union will meet within 90 days of ratification and annually thereafter to review plant staffing needs, employee demographics, attrition rates, product cycle plans and forecasts to consider the potential need for future apprenticeships.

SKILLED TRADES UNION EDUCATION PROGRAM

Funding has been secured to continue this valuable program.

ST. THOMAS

Our laid-off members in St. Thomas remained a priority in this round of negotiations. With this contract, employees who gained sufficient credited service after the closure will now be offered a 28.1 pro-rated 30-and-out pension and restructuring incentive package. Lump-sum payments, less SUB amounts received, and the vehicle voucher will be offered at the rates in effect at closure.

Additionally, the commitment to new jobs in Oakville means that laid off members in St. Thomas will also have access to these openings on a preferential-hire basis.

CAW  TCA

CANADA

www.caw.ca

INSURANCE BENEFITS

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

	Assembler (\$33.85 hourly rate)	Trades (\$40.25)
S&A	\$830	\$990
EDB under 10 years	\$2,925	\$3,500
EDB 10 or more years	\$3,215	\$3,850
AD&D	\$38,500	\$46,250
Life Insurance	\$77,000	\$92,500

OPTIONAL AND DEPENDENT LIFE

Three open enrollments will be offered May 1 to June 30 in each year of the agreement. During the open enrollment period, current participants will be able to increase their coverage by one schedule without medical evidence. Those not previously enrolled will be permitted to enter the program on Schedule 1 during the 2013 Open Enrollment.

The rates are guaranteed up to and including 2015, with a possible extension to 2016, depending on experience

HEALTH CARE BENEFITS

NEW:

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 Implants will be covered up to the cost of bridgework (payable at 50% of the allowable charge) on or after January 1, 2013.

HEALTH CARE CONTRIBUTION There is no increase to the annual health care contribution amount. The company and the union agreed to a new process for active members, retirees and surviving spouses to pay the health care contribution. Starting January 1, 2013:

- The health care contribution (plus tax) will be deducted from the member's claims. The deductions will occur in two parts – half the annual health care amount in the first 6 months of the year and half the annual health care amount in the second 6 months of the year.
- **If the subscriber does not have any claims in any half year, they will not pay the health care contribution for that half year.** In the following half year, they will continue to have health care coverage. They will not be required to pay the previous period's health care contribution; they will be required to pay the health care contribution for the current half year only.

- **Payroll and bank account deductions will be eliminated December 31, 2012.**

- The maximum payment (deducted from claims) for each semi-annual period is \$194.40 for actives and retirees under age 65 and \$97.20 for actives and retirees over age 65 and surviving spouses.

The union believes the process will be better as no one can lose coverage for failing to pay their contribution. If the health care plan is not used, you do not pay the semi-annual payment.

PRESCRIPTION DRUGS The union resisted company demands to increase the co-pay and the out-of-pocket maximum. The co-pay remains 10% to a maximum of \$310.

OVER-THE-COUNTER DRUGS The federal government has 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, certain OTC drugs will no longer be covered under the health care plan. A schedule of life-sustaining drugs (including insulin, nitrates, epinephrine, epi-pens and others) will still be covered.

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.

CHILD CARE

The \$6 per day childcare subsidy for dependent children who do not qualify for the licensed not-for-profit care will be extended to children age 3 (currently age 6) up to and including age 10.

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.

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 Ford 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 starting base (\$33.85) 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.

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 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 re 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

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

HEALTH AND SAFETY

The Master Health and Safety Committee continues to ensure current trends in occupational health and safety are addressed in our workplaces through new and improved training activities:

- Global Harmonization System
- Working at Heights refresher update

The committee has negotiated a formal recognition of the annual training conference for health and safety and ergonomic representatives to include training in:

- Magnetic field hazard information and awareness
- Asset Management Preventative Maintenance systems
- Fire Protection Engineering

Part 1 Core H&S certification training will now be available to off shift committee persons in Bramalea and Windsor locations.

A new written commitment reaffirms joint support for the workplace environmental committees and their mandate concerning environment, recycling and energy conservation, to be renewed annually.

Other improved training opportunities have been negotiated, including for:

- Environmental representatives
- Ergonomic representatives – increased training from four to five days.

The heat stress resolution process has been enhanced by an improved escalation process.

Your CAW-Canada Master Bargaining Committee at Ford



KEN LEWENZA
President



PETER KENNEDY
Secretary-Treasurer



GARY BECK
Chairperson
Master Bargaining &
President, Local 707,
Oakville



JERRY DIAS
Assistant to the
President



JIM STANFORD
Economist



WHITEY MACDONALD
National
Representative



JO-ANN HANNAH
Director,
Pensions and Benefits



BILL MURNIGHAN
Director, Research



PAT BLACKWOOD
Director,
Skilled Trades



SARI SAIRANEN
Director,
Health, Safety
and Environment



BOB SCOTT
Plant Chairperson,
Oakville Assembly Plant,
Local 707, Oakville



GARY ENSELL
Skilled Trades
Chairperson,
Local 707, Oakville



DAVE THOMAS
Oakville Assembly Plant,
Local 707, Oakville



CHRIS TAYLOR
President,
Local 200, Windsor



JOHN D'AGNOLO
Chairperson,
Windsor Engine,
Local 200, Windsor



TIM LITTLE
Chairperson,
Essex Engine,
Local 200, Windsor



TOM KERR
Skilled Trades
Chairperson,
Local 200, Windsor



GARY RUMBOLDT
Chairperson,
Parts Depot,
Local 584, Brampton



DENNIS MCGEE
President,
Local 1520,
St. Thomas

CAW  TCA
CANADA
www.caw.ca

