

# GM pushing Unifor to ditch defined benefit compensation packages

By Greg Keenan

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General Motors Co. is pressing the union at two of its Ontario factories to give up a long-cherished element of compensation packages – the defined benefit portion of the pension plan the company provides for newly hired employees.

The auto maker is making the push as it discusses with Unifor – the union that represents hourly paid workers – potential investments in new vehicles and products at assembly plants in Oshawa, Ont., and an engine and transmission making facility in St. Catharines, Ont.

The pressure from GM is “huge,” said one Unifor official, who noted that the Unifor local at GM’s Cami assembly plant in Ingersoll, Ont., negotiated a full defined contribution plan for new employees. The pension for new unionized employees hired at GM’s other Canadian operations is a half defined contribution and half defined benefit.

“When I say huge, I would say they have no interest in doing anything ... if we don’t follow suit with what Cami did,” said the union official, who spoke on condition that he not be identified.

Defined benefit pension plans have been a pillar of the union movement in Canada for decades, although that pillar is being eroded as corporations scrap them entirely or switch to defined contribution plans for new employees, which eliminates the plans over time.

“This is a huge fundamental issue for us as an organization,” Unifor president Jerry Dias said.

If the union gives up the idea of defined benefit plans at GM, they will be ended for newly hired employees at Ford Motor Co. of Canada Ltd. plants and those operated by FCA Canada

(formerly Chrysler) because of what is called pattern bargaining, in which the contract with one of the Detroit Three serves as the template for contracts with the other two companies.

Defined benefit pension plans would also come under pressure at all employers that have them, Mr. Dias added.

“It would have a broad economy-wide impact, not just on auto,” said Charlotte Yates, dean of social studies at McMaster University in Hamilton, Ont., and a long-time observer of the Canadian labour scene.

“It would be a really hard pill for the national [union] to swallow, because other employers will go after them for it.”

Official negotiations on a new contract between Unifor and the Canadian units of the Detroit Three companies begin in about 15 months and GM has said no decisions on new products for Oshawa will be made until those talks are complete.

Mr. Dias said a defined contribution plan only for new employees is an issue that has been raised by GM.

“If you take a look at the profitability of the industry today, there is no reason for them to make that type of a request,” he said.

Stephen Carlisle, president of General Motors of Canada Ltd., said in an interview in February that the pension plan is one of the items being discussed as GM assesses its competitive position in Oshawa and whether to allocate new vehicles to the assembly plants.

“We’re more inclined to a DC plan than we are a DB plan,” Mr. Carlisle said.

He made those comments while announcing that GM and its suppliers will invest \$560-

million at Cami to produce the next generation of the Chevrolet Equinox crossover.

That was a reminder to union officials in Oshawa and St. Catharines that their plants could win new investment if the pension plan for new hires changes, instead of facing the possibility of closing.

Mr. Dias has been lobbied by people inside the union to replicate the move made by the local in Cami, which has never been included in national GM contracts.

“It’s pretty hard for us not to do what Cami did,” said one union official.

“In my opinion it’s a good thing to do.”

Another union official said if Unifor agrees to change the pension plan, it could win new investment, which then means the plants keep operating to generate revenue to fund the defined benefit plans of older employees.

Those plans are underfunded, so they would pay just 67 per cent of full benefits if they were wound up.