



# BULLETIN

*Kitimat Smelter and Kemano Power Operations Workers*

## Contracting Out In the CLA

Brothers and Sisters,

Many members have expressed concerns throughout the course of the construction, commissioning and ramp-up/start-up of KMP that the employer may be planning on running the new smelter with contractors and that the very job security of Unifor 2301 membership is at stake.

This bulletin intends to outline what the Company and the Union have agreed to in our current collective agreement regarding contracting out and what can be expected moving forward.

Prior to 2012 the collective agreement protections against contracting out production work were that no one would be laid off as a result of contracting out and additionally maintenance work would be performed by the bargaining unit, provided a number of conditions were met:

### *Article 23 - JOB SECURITY*

#### *23.01*

*The Company and the Union recognize the importance of lessening, as much as is reasonably possible, the effects of change not occasioned by the employee upon their job security and earnings, and to this end agree to the following provisions:*

#### *(a)*

*(i) The Company will not contract work out that results directly in the lay-off of any employee from the bargaining unit. The Company further agrees that, if it has available regular qualified employees and possesses and has available in the Works the equipment and the services necessary to accomplish the work, at and in the time required, all maintenance and repair work, the nature of which is normal and routine, presently performed by its employees, will be carried out by employees covered by the Agreement. Nothing of the foregoing shall be interpreted as a restriction of the Company's right to purchase raw or processed materials, equipment or component parts, intended for the operations of the Works.*

With regards to maintenance work, the Contracting Out Committee's (COC) mandate, as described in 23-LU-#1, is to review prospective contracts in an effort to find ways to keep the work in-house:

### *LETTER OF UNDERSTANDING*

*23-LU-#1*

*Contracting Out Committee*

*ENTERED INTO THIS 26th day of July, 1989.*

*This letter sets out the Company's intention with regard to forming a joint committee for the purpose of sharing information and discussing maintenance and repair work, the nature of which is normal and routine, presently performed by its employees, to be contracted out.*

1. *The mandate of the committee will be:*

*(a) Discuss all contracts, where possible, thirty (30) days prior to being put out for tender, ensuring all correct and sufficient information is available including the internal checklist or, where a document exists covering the scope of the job, that scope document.*

*(b) Discuss reasons for contract being tendered.*

*(c) Discuss the possibilities of carrying out the work internally by reviewing suggestions.*

*(d) Make joint recommendations to relevant Management by suggesting solutions such as, but not limited to:*

*(i) changes to the method or organization of the work*

*(ii) the formation and relocation of employees*

*(iii) modification of the anticipated starting date, duration and deadline*

*(iv) the location, relocation or loan of tools or equipment*

*(v) proposals on how Company employees could perform the work within the time frame required*

In addition to this mandate, 23-LU-#1 specifies that the Committee also considers what is known as "project work", typically new construction or installation work. However, some work pertaining to KMP is specifically excluded:

*The above paragraphs shall not apply to the following aspects of the Modernization Project:*

*(i) All aspects of the construction of new buildings for the Reduction area and all support facilities (e.g. Ring Furnace, new shops etc).*

*(ii) The initial installation of AP3X cells.*

*(iii) The installation of all new support machinery and equipment into said buildings.*

*(iv) Decommission and demolition of those buildings and infrastructure which are in the footprint of the Modernization Project.*

In anticipation of KMP, the parties recognized as early as 1996 that the potential for modernization of the smelter was very real and that uncertainty around job security needed to be addressed. As a result, a special letter of understanding was signed (and resigned in subsequent rounds of bargaining, including our current CLA):

*SPECIAL LETTER OF UNDERSTANDING*

*24-LU-#1*

*Job Security*

*ENTERED INTO THIS 26th day of July, 1996.*

*Management and the Union recognize ongoing change and stable customer relations are necessary to remain competitive within the industry. However, ongoing change can lead to instability and a reduced sense of job security.*

*Management agrees to guarantee the job security of all regular employees from layoff due to modernization, organizational modifications and changes in technology and work methods at Kitimat Works for the term of this Agreement.*

For the construction and start-up of KMP the parties realized that there would be an increase in the use of construction and contract workers, particularly until “steady state” was achieved. One provision the Union negotiated in 2007 (and re-signed in 2012) was for the use of Transition Employees in order to, amongst other things, free up regular employees for training and to provide additional support during the commissioning and start-up phases of KMP. Transition Employees are Unifor 2301 members.

*LETTER OF UNDERSTANDING  
24-LU-#4  
TRANSITION EMPLOYEES*

*2. The Transition employees shall be utilized for the following reasons;*

- (a) The replacement of regular employees to allow them to be released for training and operation of the new technology (i.e. pre-bake).*
- (b) To free up regular employees for the commissioning, start-up and operation of the new technology.*
- (c) To supplement regular employees for the start-up of the new technology.*
- (d) Transition employees may be utilized to supplement the regular and temporary employees in the decommissioning of the old technology and related duties involving the salvaging of this infrastructure.*
- (e) For the purpose of minimizing contracting out, transition employees will be utilized to replace attrition of regular employees in those departments required to operate until KMP. Nothing in this paragraph removes the Company’s right to reorganize departments to make best use of the regular workforce.*

*12. Nothing in this letter of understanding shall affect the Company’s rights under Article 5 and Article 23 of the Collective Labour Agreement to engage contractors to perform work associated with the commissioning and startup of the new technology.*

In the trades it was difficult to find trades people willing to terminate their employment with their parent employer to work for Rio Tinto on a temporary basis, so a number of these folks were contracted as “Category 1 contractors”. While Cat 1 contractors are not Unifor 2301 members the Union and the company have agreed to an arrangement where Cat 1 contractors pay union dues. However, it is also understood that Cat 1 contractors should be used for bona fide KMP activities only and that any “normal and routine” maintenance or project work not captured under the KMP exception outlined above still falls under the mandate of the COC to find ways to have the work performed by Unifor 2301 members.

With the increased incidence of contractors in the plant it is understandable that members are more than worried that RT, through attrition of the hourly workforce, intends to run KMP with nothing but contractors. Contract work is also known as “precarious work” due to the uncertain nature of contract work. The job security and quality of life of contract workers and their families, are in many cases adversely impacted, as renewed contracts are typically offered to the lowest bidder, which is another reason why the Union opposes RT’s contract work business model.

It should not be forgotten that the Brothers and Sisters of the Steelworkers in Alma were locked out by RT for six long months in 2012, mainly over the issue of contract/precarious work. Ultimately, the parties agreed to contract language which protected from contracting out a bulk of the core

production work in the smelter. Additionally specified work was subject to a contracting out cap as a percentage of total hours worked.

In a strong demonstration of solidarity with the Alma workers the membership of Local 2301 agreed to pay an extra hour's dues per pay period, which amounted to approximately \$60, 000/month to assist the locked out workers and their families.

In July 2012 your Union successfully negotiated a similar letter of understanding based on the Alma model. This letter takes effect in June of 2017, two years following first hot metal (steady state), which is also coincidentally about one month prior to the expiration of the current collective agreement. Your Union has already put the employer on notice that we fully expect to re-sign this letter in 2017 and that the company should be putting plans into place to honor its terms as it takes effect during the life of this collective agreement:

*LETTER OF UNDERSTANDING  
24-LU-#5  
Operations and Services in New KMP*

ENTERED INTO THIS \_\_\_\_ day of July, 2012.

BETWEEN:

*RIO TINTO ALCAN PRIMARY METAL – BRITISH COLUMBIA  
(Hereinafter referred to as the “Company”)*

AND:

*CANADIAN AUTOMOBILE WORKERS, LOCAL 2301  
(Hereinafter referred to as the “Union”)*

*Whereas, it is understood that the Collective Labour Agreement defines the limitations of contracting out of activities related to T – Trades seniority groups.*

*And whereas, this Letter applies to activities related to operations and services, typically A - Reduction, B – Casting (Metal and Metal movement), and C – Support Services, seniority groups.*

*And whereas, it is understood that the Union has expressed concerns regarding the usage of contractors for activities performed at Kitimat Works.*

*And whereas, it is understood that the majority of bargaining unit operations work in the new Kitimat Works smelter shall be performed by bargaining unit employees in an effort to preserve an internal expertise to maintain process efficiency.*

*And whereas, it is understood that the Company has expressed concerns to maintain the competitiveness of Kitimat Works and feel it is essential that the work organization continues to evolve and the smelter is able to seize opportunities to improve this competitiveness.*

*And whereas, it is understood that this Letter applies to the new Kitimat Modernization Project (KMP) smelter operations and not the existing smelter operations. Positions identified as non-core in Appendix B will not incur lay off as a result of contracting out. This Letter will be effective two years after the start of the first pot in the new KMP.*

*The Parties agree as follows:*

- 1. The operations activities related to the operation of our core reduction processes, casting and anode production will continue to be carried out by RTA bargaining unit employees. The core activities that cannot be contracted out are described in Appendix A.*
- 2. Notwithstanding the foregoing, in circumstances beyond the immediate control of the Company, for a period not exceeding one hundred and twenty (120) days the Company may contract out work related to the reduction processes, casting and anode production (Appendix A). Under no circumstances will these contractors be used to replace absent employees, to fill vacancies or to meet needs related to illness, injury, holidays and vacations. The Company agrees, prior to using these contractors, all temporary employees currently on lay off will be recalled. These temporary employee hours will be removed from the 6.5% calculation.*
- 3. The non-core activities that can be contracted out are those that are described in Appendix B.*
- 4. The sum of hours worked, that are contracted out from Appendix B (on-site and off-site) will not exceed during a calendar year, ten (10) percent, of all hours worked by UNIFOR 2301 bargaining unit employees in A- Reduction, B – Casting (Metal and Metal Movement) and C – Support Services (Appendix A + B). Effective 1 January, of the year in which the new CLA expires, this will increase to fifteen (15) percent. Hours worked by temporary staff will not be part of this calculation.*
- 5. On a monthly basis, the Company will provide the union with information on hours worked by UNIFOR 2301 bargaining unit employees in A- Reduction, B – Casting (Metal and Metal Movement) and C – Support Services, as well as the contracted out hours covered by Appendix B.*
- 6. If, at the end of a calendar year, the Company has exceeded the maximum number of hours of contracted out work provided for under paragraph 4 above, the maximum hours for the following year shall be reduced by the number of hours equal to the number of hours that were in excess of the maximum limit the previous year.*
- 7. In no event will the introduction of contracting out in the non-core activities result in:
  - i. The direct layoff of an employee;*
  - ii. Failure to recall a regular status laid off employee.**
- 8. The Parties shall agree on measures to avoid, wherever possible, the interaction between bargaining unit employees and contractors.*
- 9. Effective the signing of the CLA, if the Company introduces a new KMP job at Kitimat/Kemano typical of work which has been previously performed by a UNIFOR 2301 bargaining unit employee, and had not previously been disclosed to the Union, the job, including a complete job description, will be tabled at the first scheduled Labour Relations Committee meeting. The Labour Relations Committee will determine at that meeting which Appendix (A or B) the work will be classified.*

*If the parties at the Labour Relations Committee cannot come to agreement in which category a new job should be classified, then the following will occur, all of which will in no way impede the operation of Kitimat Works:*

- a) The Company and Union will contact the named arbitrator [one of the two agreed to by the Parties in Article 7.14] to arrange for an expedited arbitration to settle only the following matter: whether the position in dispute should be classified in Appendix A or Appendix B.
- b) The expedited arbitration shall be heard by the arbitrator within sixty (60) days of having contacted the arbitrator pursuant to paragraph (a) above.
- c) The arbitrator shall consider the following relevant factors in determining whether the position should be classified in Appendix A or Appendix B:
- i. The work duties of the KMP activities or positions as they relate to the activities/positions expressly set out in Appendix A and Appendix B.
  - ii. The activities in Appendix B will be considered non-core, those activities related to services, handling and transportation.
- d) The arbitrator shall provide his/her decision within thirty (30) days of the conclusion of the expedited arbitral hearing.

#### Appendix A

Position	Description	Organization
Coke/Cal Operators	Control , Operator	Carbon
Anode Paste Plant Operators	Aggregate, forming, recycling & Spare	Carbon
Anode Bake Furnace Operators	Fire control, Furnace inspection	Carbon
Anode Rodding Shop Hot side	Pouring & Furnaces	Carbon
Anode Rodding Shop Cold Side Truck drivers	From south to north, anode and butts	Carbon
Anode Rodding Shop Cold side	Inspection, alarms, bath cleaning	Carbon
Anode Rodding Shop Bath Collection	Cold side	Carbon
Crucible Cleaner Operations		Casting
Casting Serviceperson	Alloys, prep table, casting tools	Casting
Operators Hot metal transport		Casting
Sheet Operators	DC4 Operations	Casting
Ingot Operators	SLCM Operations	Casting
Rail Crew Activities		Casting
Wharf Operators		Casting
Cold Metal Transport	Casting to Terminal B	Casting
Power engineers		Plant Services
System Operators		Power
Operators GTC	Monitoring & adjustment	Plant Services
Control operators		Reduction
Reduction operators		Reduction
Process control Operators	Liquid control, Opening tending holes	Reduction

**Appendix B**

<b>Position</b>	<b>Description</b>	<b>Organization</b>
Lube person		Carbon
Flue Wall Repairperson	Small repairs ABF	Carbon
Tool Crib Attendants		Maintenance
Lube person		Maintenance
Warehouseperson		Maintenance
Janitors		Plant Services
Conveyor Operators	Conveyor Alumina	Plant Services
Mobile equipment operator - Kemano		Power
1st aid, trades helper - Kemano		Power
Kitimat First Aid Attendants		Human Resources
Pot Tending Assembly vacuuming		Reduction
Pot dismantling and cleaning		Reduction / Plant Services

The current Alma contract expires at the end of this year and our sources inform us that, in fact, the Steelworkers and Rio Tinto have already reached an agreement in principle on re-signing their core work letter.

The final excerpts of the CLA language to review are from 26-LU-#5, Organizational Change, sometimes referred to as “the Re-org Letter”, which was added to the CLA shortly before the initial announcement of KMP in 2006. In this LOU, and with the imminent modernization of the smelter in mind, the parties recognized, amongst other things, that contracting out would be an issue moving forward:

*LETTER OF UNDERSTANDING  
26-LU-#5  
Organizational Change*

*ENTERED INTO THIS \_\_\_\_\_ day of July, 2005*

*Whereas the parties agree a well-structured and efficient plant reflects positively on the safety, health and well-being of the employees and ensures the ongoing viability of the plant.*

*Whereas – contracting out has become an issue and there is a need to develop ways to keep work within the workforce.*

*Whereas – there is potential for expansion / rebuild / retrofit of Kitimat Reduction technology there will be a need for both parties to discuss transition agreements, workforce levels, plant demographics, training etc.*

*Therefore the Union and Company agree to the following:*

*6. A system to promote the minimizing of contracting out and the maximizing of work done by plant forces.*

While not the most compelling of contracting out language, the recognition of contracting out as a contentious issue between the parties set the framework for what would become a priority issue in future sets of bargaining, resulting in the negotiation of 24-LU-#5, in 2012.

As spelled out above, 24-LU-#5 should not be underestimated for what it is: A huge bargaining achievement which secures the majority of the work at steady state will be performed by Unifor 2301 bargaining unit employees. It is a momentous achievement to be proud of and one which will be retained, if not improved upon, henceforth.

***We are Community, We are United, We are Unifor!***