



**Manitoba
Public Insurance**

MPI – ATA - MMDA

Agreement

July 20, 2010

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Introduction

In 2008, the Corporation and industry (MMDA and ATA) partnered in an industry analysis to more fully understand the impact of recent industry trends, regulatory changes, and labour market pressures on the profitability of the industry. The overarching goal of the study was to ensure that Manitoba has in both the short and long term, a profitable, healthy, and sustainable collision repair industry.

Major observations, conclusions, and recommendations from the Manitoba Collision Repair Industry Study have been considered by MPI in developing the proposal for a new four-year Agreement with industry. The agreement addresses either directly or indirectly, the following key issues that were identified from the study:

- Recruitment, training and retention issues for key personnel positions in the industry;
- Parity of labour rates in Manitoba as compared to the industry overall;
- The financial means for industry to provide competitive wages to key personnel positions;
- A review of existing MPI-industry processes that are considered to drive operating costs and extend repair times;
- A framework that will assist industry in making long-term capital investments to address technological changes, improve working conditions, and maintain profitability over the long-term

Industry representatives from the MMDA and ATA have acknowledged that all partners must work together to address the observations and recommendations from the Manitoba Collision Repair Industry Study. MPI believes the four-year Agreement provides a framework of financial and non-financial enhancements that positions the industry to address both the immediate and longer-term needs of its members.

1 Duration

1.1 Term

The agreement is for a four-year term for the period from January 1, 2010 to December 31, 2013 inclusive, with retroactivity to January 1, 2010.

1.2 Effective Date

The 2010 rate increase is effective January 1, 2010.

2 Scope

The percent increases apply to all of the following labour rates;

- Body Technician
- Frame
- Mechanical
- Northern
- Glass

The details of these rate increases and other compensatory items are outlined in detail in the Appendices.

3 Rate Protection

The percentage rate increase will be protected against inflation in years two, three and four. Inflation will be calculated as 40% of the Average Industrial Wage increase for Manitoba and 60% of CPI, based on the prior year (Calculated Rate). The rates for years two, three, and four will be the greater of the contract rate or the Calculated Rate.

4 Recruitment & Retention

4.1 Tools Fund

There will be a \$5,000 tool allowance available to Registered Apprentices, based upon receipt of supporting invoices.

4.2 Apprenticeship Success Fund

There will be a \$2,000 grant available to Registered Apprentices, for successfully completing each level of the four-level Apprenticeship Program. The maximum amount that can be received by any Apprentice is \$8,000 (4 x \$2,000). This is in addition to other grant programs and is expected to be over and above wages.

5 Process Improvements

5.1 Supplement/Payment Process

Manitoba Public Insurance and the Industry will work jointly in the automation of the Estimating/Supplement Payment Process. The implementation of the Automated Payment Process will be available for January 1, 2012, achieving an estimated annual benefit to the Industry of \$5 million per year, as identified in the Study. This translates into an effective benefit of 2.5%.

5.2 Recycled & Aftermarket Parts

Improve the parts procurement process to streamline the process, establish condition standards, utilize imaging to clearly identify parts required and assess available parts for condition. This is in order to reduce returns and delay in the repair process.

5.3 Industry Profit, Management Practices, & Shop Performance

The creation of a joint initiative to develop Key Performance Indicators and use Manitoba Public Insurance data for benchmarking and assisting in Best Practices.

6 Joint Initiatives

6.1 Shop material

Work to develop a 'basket of goods' that will be representative of shop materials, and provide the basis for assessing the existing rate at June 30, 2011.

6.2 Paint Materials

Work to determine a methodology for determining the paint material price which will be assessed at June 30, 2011.

6.3 Accreditation Agreement

The Accreditation Agreement will be updated no later than December 31, 2010.

6.4 Follow-On Manitoba Collision Repair Industry Study

By the mid-point of 2013, a follow-on Study will be tendered, to determine the effectiveness of the initiatives undertaken in response to the issues identified in the 2009 survey.

6.5 Industry Perception

Manitoba Public Insurance will work jointly with the trade to develop campaigns to address industry perceptions.

6.6 Recruitment

Manitoba Public Insurance will work jointly with the Industry to assist with industry recruitment.

6.7 Training

Manitoba Public Insurance will work jointly with the Industry to develop training strategies to address the following issues;

- Low investment in training by the Industry
- Technological change in the Industry
- Training provided by post-secondary institutions
- Industry training
- ICAR training
- On-line remote training

6.8 Liaison Structure and Purpose

The ATA, MMDA and MPI have agreed to create a new Liaison Committee whose mandate is to participate in a review process that would have all parties agree to any changes to the MPI estimating logic utilized in the Mitchell estimating tool.

6.9 Courtesy Cars

Manitoba Public Insurance and the Industry will identify joint opportunities to encourage customers to purchase extension Loss of Use coverage.

7 Industry Activities

7.1 Industry Wage Increases

There is an expectation that substantive increases in wages will occur as a result of the increases in the door rate payable under the terms of this agreement, as recommended in the Study.

7.2 Recruitment and Retention

It is agreed that recruitment and retention remains primarily an Industry responsibility.

7.3 Working Conditions

It is agreed that working conditions is an Industry responsibility.

8 Appendices

8.1 Southern

Health of the Industry Proposal					
Southern Region					
Shop Material Rate - \$6.58/hr. ¹					
Paint Material Rate - \$36.80/hr.					
Year	Percent Increase	Body Technician		Frame	Mechanical
		Accredited	Non-Accredited		
Current		58.63	29.32	65.66	83.99
2010 Contract Ratification	6.25%	62.29	31.15	69.76	89.24
January 1, 2011	2.30%	63.72	31.87	71.37	91.29
January 1, 2012	2.30%	65.19	32.60	73.01	93.39
January 1, 2013 ²	2.30%	66.69	33.35	74.69	95.54
Total Effective Increase	13.75%				

¹ The Shop Material Rate of \$6.58 and the Paint Material Rate of \$36.80 will stay in effect until a review is completed on or before June 30, 2011. Refer to Sections 6.1 and 6.2.

² The rate increases for 2011, 2012 and 2013 will be the greater of the contract rate or calculated rate (see Sec. 3 Rate Protection).

8.2 Northern 1

Health of the Industry Proposal					
Northern Region					
Thompson, Flin Flon, The Pas					
Shop Material Rate - \$9.73/hr. ³					
Paint Material Rate - \$36.80/hr.					
Year	Percent Increase	Body Technician		Frame	Mechanical
		Accredited	Non-Accredited		
Current		65.62	32.81	73.5	83.99
2010 Contract Ratification	6.25%	69.72	34.86	78.09	89.24
January 1, 2011	2.30%	71.32	35.66	79.89	91.29
January 1, 2012	2.30%	72.97	36.48	81.73	93.39
January 1, 2013 ⁴	2.30%	74.64	37.32	83.61	95.54
Total Effective Increase	13.75%				

³ The Shop Material Rate of \$9.73 and the Paint Material Rate of \$36.80 will stay in effect until a review is completed on or before June 30, 2011. Refer to Sections 6.1 and 6.2.

⁴ The rate increases for 2011, 2012 and 2013 will be the greater of the contract rate or the calculated rate (see Sec. 3 Rate Protection).

8.3 Northern 2

Health of the Industry Proposal					
Northern Region					
Churchill, Lynn Lake, Leaf Rapids, Gillam, Norway House					
Shop Material Rate - \$9.73/hr. ⁵					
Paint Material Rate - \$36.80/hr.					
Year	Percent Increase	Body Technician		Frame	Mechanical
		Accredited	Non-Accredited		
Current		67.51	33.76	75.6	83.99
2010 Contract Ratification	6.25%	71.73	35.87	80.33	89.24
January 1, 2011	2.30%	73.38	36.70	82.17	91.29
January 1, 2012	2.30%	75.07	37.54	84.06	93.39
January 1, 2013 ⁶	2.30%	76.79	38.40	86.00	95.54
Total Effective Increase	13.75%				

⁵ The Shop Material Rate of \$9.73 and the Paint Material Rate of \$36.80 will stay in effect until a review is completed on or before June 30, 2011. Refer to Sections 6.1 and 6.2.

⁶ The rate increases for 2011, 2012 and 2013 will be the greater of the contract rate or the calculated rate (see Sec. 3 Rate Protection).

8.4 Southern Glass

Health of the Industry Proposal					
Glass Southern Region					
Tempered Shop Material Rate - \$6.58/hr. ⁷					
Year	Percent Increase	Windshield		Tempered	
		Accredited	Non-Accredited	Accredited	Non-Accredited
Current		45.53	22.77	56.92	28.46
2010 Contract Ratification ⁸	6.25%	48.38	24.19	60.48	30.24
January 1, 2011	2.30%	49.49	24.75	61.87	30.93
January 1, 2012	2.30%	50.63	25.32	63.29	31.65
January 1, 2013	2.30%	51.79	25.90	64.75	32.37
Total Effective Increase	13.75%				

⁷ The Tempered Shop Material Rate of \$6.58 will remain at \$6.58/hr.

⁸ The 10% discount on NAGS will stay in place to the end of 2011. The NAGS discount will be reviewed effective January 1, 2012 based on NAGS price list adjustments.

8.5 Northern Glass 1

Health of the Industry Proposal					
Glass					
Northern Region					
Thompson, Flin Flon, The Pas					
Tempered Shop Material Rate - \$9.73/hr. ⁹					
Year	Percent Increase	Windshield		Tempered	
		Accredited	Non-Accredited	Accredited	Non-Accredited
Current		50.88	25.44	63.71	31.85
2010 Contract Ratification ¹⁰	6.25%	54.06	27.03	67.69	33.84
January 1, 2011	2.30%	55.30	27.65	69.25	34.62
January 1, 2012	2.30%	56.58	28.29	70.84	35.42
January 1, 2013	2.30%	57.88	28.94	72.47	36.23
Total Effective Increase	13.75%				

⁹ The Tempered Shop Material Rate of \$9.73 will remain at \$9.73/hr.

¹⁰ The 0% discount on NAGS will stay in place to the end of 2011. The NAGS discount will be reviewed effective January 1, 2012 based on NAGS price list adjustments.

8.6 Northern Glass 2

Health of the Industry Proposal					
Glass					
Northern Region					
Churchill, Lynn Lake, Leaf Rapids, Gillam, Norway House					
Tempered Shop Material Rate - \$9.73/hr. ¹¹					
Year	Percent Increase	Windshield		Tempered	
		Accredited	Non-Accredited	Accredited	Non-Accredited
Current		52.43	26.22	65.54	32.77
2010 Contract Ratification ¹²	6.25%	55.71	27.86	69.64	34.82
January 1, 2011	2.30%	56.99	28.50	71.24	35.62
January 1, 2012	2.30%	58.30	29.15	72.88	36.44
January 1, 2013	2.30%	59.64	29.83	74.55	37.28
Total Effective Increase	13.75%				

¹¹ The Tempered Shop Material Rate of \$9.73 will remain at \$9.73/hr.

¹² The 0% discount on NAGS will stay in place to the end of 2011. The NAGS discount will be reviewed effective January 1, 2012 based on NAGS price list adjustments.