

FACT SHEET

Two-Tier Collective Agreements

The whole point of a collective agreement is to ensure that workers who do the same job have access to the same pay, the same benefits, and the same working conditions.



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for
fairness

Two-tiered arrangements destroy this fundamental principle.

Two-tier arrangements mean all employees hired after a certain date will never have access to the same pay, benefits or working conditions as their co-workers doing the same job. New hires will likely start at a lower standard and never reach the levels of current workers. All of this despite doing the same work.

Examples of two-tier arrangements:

- Newly hired workers make a lower base wage compared to what was in the previous collective agreement.
- Newly hired workers have access to fewer or no health benefits, fewer or no paid sick time, different hours of work, etc. versus current employees.
- Newly hired workers have no pension or a lesser defined contribution (DC) pension plan, but other workers maintain an existing, better defined benefit (DB) pension plan.

Why are we talking about two-tier collective agreements?

Two-tier arrangements have serious negative consequences for our current members and the future of good jobs for our kids.

CUPE members are increasingly facing employers trying to push two-tier arrangements at the bargaining table. Facing real pressure from employers, some union locals have agreed to such arrangements.

In difficult bargaining, this may seem like an appealing strategy because they may appear to have the least impact on current members. However, what may appear to solve a problem in the short-term will cause much greater problems in the near future.

Why are two-tier collective agreements bad?

Two-tier arrangements are a concession: When a particular set of workers (e.g. future hires) has their wages or benefits reduced from what has already been established in the collective agreement, the union has accepted concessions. Once a local takes any concession, it only signals loud and clear to the employer that they should come back from more in the next round of bargaining.

Economic impact: Two-tier arrangements create downward pressure on wages and benefits in the workplace and permanently lower wages and benefits in an entire sector or industry. Two-tier arrangements lead to higher turnover among newer, less compensated employees and create a demoralized workforce.

Lack of solidarity: Two-tier agreements are a poison pill. These agreements create divisions between members in the same local and in the workplace. These divisions will be exploited by employers in future bargaining. Keeping up strength and solidarity within the union is difficult with these divisions.

Fairness: Under two-tier arrangements, newly hired workers have reduced wages or benefits despite doing the same work as other people in the bargaining unit. The next generation of workers are subject to lesser terms of employment on which they have had little or no say. The principle of equal compensation for equal work has long been recognized as a basic employment standard – two-tier arrangements violate this principle.

Everyone suffers: While two-tier proposals may at first appear to “protect” current members, in reality two-tiered agreements isolate them. In the not too distant future, a larger percentage of the overall workforce will be employed in the “lower tier” and the pressure to surrender to the better conditions of the minority will be leveraged by the employer.

What can we do to defend against two-tier agreements?

- Educate and mobilize the membership about why two-tier agreements are bad – both for the next generation of workers and for them.
- Explain to all members how employers are pushing two-tier schemes as a way to cut costs and that they are a concession like any other.
- If two-tier arrangements are proposed at the bargaining table, ring the bell early, ask the union for help and begin a campaign with members.
- Reject any two-tier proposals at the bargaining table!