

Production costs core of Kellogg plant lockout

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By [NORMAN DE BONO](#), LONDON FREE PRESS

Kellogg Canada's London plant has lost 35% of its production in recent years and is in danger of losing more unless it cuts costs, the cereal maker said.

Frustrated by the rejection of its tentative deal with the union, the U.S.-based food giant said the cost of making cereal here has to come closer to that of its U.S.-based plants or it will keep shipping its cereal production south of the border and cutting London jobs.

"One of the contributing factors negatively impacting the London plant is its overall labour costs, driven by its inefficient crewing system," read the statement from Christine Lowry, vice-president corporate affairs for Kellogg Canada Inc.

"(A) costly and inefficient shift structure is unique to the London plant and is not competitively sustainable."

The company places the increased cost of production in London on the weekend shift -- where about 100 workers work 12-hour shifts Saturday and Sunday at overtime pay and don't work the rest of the week, meaning they get paid for 42 hours of work.

"Within our North American cereal manufacturing network, the London plant is the only facility to use this type of shift structure and, as a result, it negatively impacts the London plant's labour costs," read the statement.

"These high labour costs are a key factor in driving down the competitiveness of the London plant, resulting in a 35% decrease in cereal production being allocated to it from the network over the past four years."

Kellogg locked out its 488 unionized London workers June 5.

The union has asked the company whether its lost production will come back if they get rid of the weekend shift and was told the company will not make that promise, said Bob Martin, president of The Bakery Confectionery Tobacco Workers and Grain Millers Local 154-G.

"We have been told we are not viable with that shift, but we won't get more production without it -- so how do I sell that to my members?" said Martin.

Martin also rejected the statement the lost production comes from scheduling issues at the plant. The high cost of the Canadian dollar has hurt and Canada used to have a "million-dollar" advantage buying sugar from Cuba, but that has also decreased in recent years, he pointed out.

But the shift issue remains central to the company's bargaining position and jobs will be lost until it is scrapped, said Lowry.

The plant was down four weeks last year during which there was no production and workers were laid off. Another seven down weeks were scheduled this year.

The plant recently cut 11 salaried jobs and more than 20 hourly workers are on layoff.

The tentative deal rejected by the union included the company's acceptance of a union proposal for an early retirement provision -- 67 positions over the three-year contract. That was in addition to another 25 positions that would have become eligible for retirement.

Officials from the union's U.S. office arrived in London yesterday to help with bargaining and the union will meet with the company tomorrow, but no bargaining is scheduled, Martin said.

<http://lfpres.ca/newsstand/News/Local/2009/06/24/9908776-sun.html>