

Tesla fending off worker complaints on pay, safety

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A union drive at Tesla's plant in Fremont, California poses a challenge for the company just as it launches its mid-priced Tesla 3

Tesla said Wednesday that demand for its electric cars was speeding along and revenue rising, as the upstart automaker strived to rev production while keeping workers happy.

Money taken in by Tesla's automotive unit leapt to \$2.3 billion in the

quarter that ended June 30, more than 90 percent greater than the amount taken in during the same period last year, the California-based company said in an earnings release.

Tesla, which has yet to report a profit, logged a loss of \$336 million attributable to shareholders, which was in line with expectations.

Overall revenue at Tesla, which also owns green energy company SolarCity, climbed \$2.8 billion from \$1.3 billion in the same quarter last year, according to the earnings report.

Tesla is pushing hard to ramp production of electric cars, with the first batch of Model 3 sedans aimed at the broader market delivered to buyers at the end of last week.

"Welcome to production hell," Musk quipped to an enthusiastic crowd of workers at a Model 3 delivery event at the Tesla plant in the Northern California city of Fremont.

"That is where we are for at least six months."

An average of more than 1,800 net reservations for Model 3 cars are being added daily, and orders for pricier S and X models rose in July, according to the company.

Tesla reported that it made 25,708 vehicles in the second quarter of this year, some 40 percent more cars than it built in the same period a year ago.

Meanwhile, Tesla is trying to fend off escalating worker complaints about pay and safety at its factory, where a move to unionize is gaining steam.

In a letter to Tesla's independent board members, workers requested access to the automaker's safety plan as well as clarity on compensation and a promise of no retaliation against employees as they try to form a union.

The United Auto Workers is in the process of trying to unionize the 10,000 Tesla workers at the Fremont plant, alleging the company has a poor safety record—a charge it vehemently denies.

"We're tired of suffering preventable injury after preventable injury. It impacts morale, it slows down production and it's of course traumatizing," said Michael Catura, a Tesla production worker who signed the letter.

Musk has used Twitter to criticize the union drive and denied the charges that working conditions at the Fremont facility are unsafe.

A Tesla spokesperson pointed to a company blog from May that argued its safety record is improving. The automaker did not provide additional comment.

That blog accused the UAW of conducting a misleading campaign, and said despite a small number of incidents, the plant has a better safety record than the industry average.

Gripes about pay

Tesla has acknowledged its employees had to work large amounts of overtime in the early days, but that also is improving and the average work week is now 42 hours.

"Tesla's safety record is much better than industry average, but it is not enough. Our goal is to have as close to zero injuries as humanly possible

and to become the safest factory in the auto industry," the company said in the blog.



Tesla CEO Elon Musk has criticized the union drive and denied that working conditions at the Fremont plant are unsafe

But so far, Tesla has not responded to worker complaints about pay.

Starting pay for production associates in the Fremont facility is \$18 an hour, far below the national average for auto workers of \$25.58 and even farther below the living wage in Alameda County, California, where the average wage is \$28.10, according to the letter sent by workers.

In addition, the letter said the paths to promotion are unclear.

"Many of us have worked for years with the vague promise of a raise, with nothing to show for it," said Richard Ortiz, who works in the paint shop.

"We have no idea what the criteria is to move forward, and no idea of what defines success. We've raised these issues repeatedly, and have gotten no response."

Workers, who are currently attempting to unionize the facility, also asked the company not to retaliate against those who speak out.

UAW President Dennis Williams has said the union is not yet prepared to call for a vote among Tesla employees. The UAW opened an office near the Fremont plant and also has two organizers working to recruit Tesla workers.

The company's share price slipped 0.75 percent in early trade, but jumped more than six percent to \$347 in after-market trades that followed release of the earnings report.

The share price gave Tesla a greater market capitalization than US auto giant General Motors, even with a tiny fraction of the production.

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