



# BULLETIN

## TRANSPORTATION DISTRICT 140 DISTRICT DES TRANSPORTS 140

International Association of Machinists and Aerospace Workers  
Association internationale des machinistes et des travailleurs et travailleuses de l'aérospatiale

### TO ALL IAMAW MEMBERS WORKING AT AIR CANADA

### PENSION MEMORANDUM OF UNDERSTANDING – ARBITRATION DECISION IN FAVOUR OF THE IAMAW

Dear Brothers and Sisters:

In 2009, you were once again asked to assist Air Canada by agreeing to a Memorandum of Understanding (MOU) that gave the company 21 months of relief from past service contributions to the Defined Benefit Pension plans. Faced with the prospect of another bout of CCAA and further losses, the IAMAW membership reluctantly ratified the MOU.

Paragraph 15 of the MOU stated that:

*The company will offer a one-time profit-share incentive program pursuant to which each active employee of the company as of the date of ratification of this Pension MOU shall receive a payment of \$500 providing the company shall have achieved in respect of its 2010 fiscal year after-tax cash net income of at least \$210 million, such sum to be payable (subject to applicable withholding amounts) within 30 days of the release of the company's 2010 audited financial statements.*

After the initial pay-outs of these funds, the IAMAW was made aware that a significant number of our members had not received the \$500 payment. This resulted in a dispute between the IAMAW and Air Canada as to the different interpretations of the MOU and who should be entitled to receive the payment.

Air Canada's view was that the intention of the MOU was clear: the employees who were on WSIB or GDIIP on the date of ratification (July 14, 2009) were not entitled to receive the \$500 payment.

The IAMAW's view was that anyone who was eligible to vote on the MOU should be entitled to receive this amount. Those members who were not at work on the ratification date due to short-term WSIB or GDIIP, or on other approved leaves of absence, such as pregnancy or parental leave, should be entitled to receive this amount. In the same way, those on laid-off status with no return date or on long-term disability (and therefore not in a position to return to work) should not be eligible to receive the \$500 payment as they were not eligible to vote on the MOU.

In finalizing the 2009 Pension MOU, the parties realized that certain issues might need to be addressed at a later date should there be disputes regarding the MOU's interpretation. For this reason, paragraph 29 of the MOU was included specifically to address any interpretation issues:

*Any dispute as to the interpretation of the Memorandum of Understanding shall be decided by the Honourable James Farley after receiving representations forthwith or as he may be direct from the Parties hereto.*

Written submissions were put forward by both parties to the arbitrator, the Honourable James Farley, and an arbitration hearing took place on June 27, 2011.

**We have received the arbitrator's decision dated June 28, 2011. His conclusion was that the \$500 payment is to be made to those additional IAMAW employees as asserted by the IAMAW.**

Those IAMAW members who feel they should have been eligible to receive this amount should inform their shop committee.

Further information regarding these additional payments will be forwarded as it becomes available.

In solidarity,

Chuck Atkinson  
President and Directing General Chairperson

CA:mcb



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