

MEMORANDUM OF SETTLEMENT

DATE

APRIL 7, 2011

Between

VIA RAIL CANADA INC.

And

**TEAMSTERS CANADA RAIL CONFERENCE
(TCRC)**

COVERING COLLECTIVE AGREEMENTS NO. 1.4 AND 4.2

**Re: Application of wage increases and other changes
covering the years 2011, 2012, 2013 and 2014**

MEMORANDUM OF SETTLEMENT

April 7, 2011

The following is the Memorandum of Settlement for the renewal of the Collective Agreements No. 1,4 and 4.2.

1. Term of Agreement:

4 years - commencing January 1, 2011

2. General Wage Increase:

- i) The wages, including premiums and guarantee are increased as follows; (See Letter of Agreement – **Appendix H**)
 - a) 2% - effective January 1st, 2011
 - b) 2.5% - effective January 1st, 2012
 - c) 3% - effective January 1st, 2013
 - d) 3%- effective January 1st, 2014
- ii) The aforesaid increases shall only be paid to those employees who are in the employ of the Corporation at the time of execution of the agreement or who have retired under the provisions of the Corporation's pension plan since the expiration of the previous collective agreement.
- iii) Any sum to be paid to an eligible employee who has retired under the provisions of the Corporation's pension plan will not result in recalculation of pension entitlement.
- iv) The increases will not be applicable to maintenance of earnings amounts resulting from the award of Mr. Justice Mackenzie rendered on June 15, 1995.

3. Benefits:

i) Weekly Indemnity:

Commencing 30 days after date of ratification increase by:

- \$10.00 to \$600.00 per week
- \$10.00 to \$610.00 per week effective January 1 2012
- \$10.00 to \$620.00 per week effective January 1 2013
- \$10.00 to \$630.00 per week effective January 1 2014

ii) Boot Allowance:

Commencing with the year 2011 - \$250.00 and thereafter every two years payable in 2nd pay period of September.

iii) Bereavement Leave:

Modify Article 27.1 as follows:

Provided an employee has not less than three (3) months' cumulative compensated service, he will be granted bereavement leave and will be compensated for actual time lost, exclusive of overtime as follows:

- (a) five (5) consecutive days, upon the death of the employee's parents, child (including still-born child) or spouse;
- (b) three (3) consecutive days, upon the death of his brother, sister, stepchild, step-parent, mother-in-law, father-in-law, brother-in-law, sister in-law, grandparent, grand-child or any relatives permanently residing in the employee's household or with whom the employee resides.

iv) Health Care Spending Account:

Attached as ***Appendix A***

v) Drug Card:

Deductible increased from \$1.00 to \$2.50 per D.I.N. (effective 30 days after ratification).

vi) Mandatory generic drug substitution:

Attached as ***Appendix B***

vii) Endodontic and periodontal services:

Co-pay - of 20% for Employees 80% for the Corporation (effective 30 days after ratification).

NOTE: These items, 3 (i) and (iv-vii), shall not form part of or be interpreted as part of the Collective Agreement.

4. **Working Conditions:**

i) **Early Retirement:**

The Corporation will confirm to employees, upon their application, they are able to retire at minimum age of 55 without penalty (Letter of Agreement - attached as **Appendix C**).

ii) **Article 204.4, 205.5, 206.8 and 109.4 - Temporary Vacancies in Passenger Service**

The locomotive engineer shall remain on the temporary vacancy until the last trip of the vacancy is completed or until displaced.

Add:

A locomotive engineer who is occupying a temporary vacancy who is the successful applicant to a permanent vacancy will be allowed to occupy the permanent position following his days off on his temporary vacancy. The locomotive engineer must remain on this permanent position for a period of 30 consecutive calendar days.

iii) **Material Change Notice:**

Modify Article 25 (a) to reflect 120 days notice.

iv) **Grievance Procedure and Final Settlement of Disputes - Article 21:**

Add New Clause:

The General Chairperson or his delegate, at his discretion, shall have the right to advance any grievance within the grievance procedure to arbitration upon 30 days written notice to the Corporation. The General Chairperson or his delegate will provide the Union's position to the Corporation 15 days prior to such filing.

Modify Article 21.10 to read:

The Corporation and the Union may, upon mutual agreement, have a joint conference for the settlement of grievances.

Additionally, add NOTE to Article 21.10

NOTE: Mediation/Arbitration reference **Appendix D**

v) New Addendum - Seniority Status for Employees

Employees who do not perform work within a twenty four (24) month period will have their employment terminated. (**See Appendix E**)

vi) Letter of Agreement - Closed Period Commitment

Part-Time employees – **Attached as Appendix F**

vii) Letter of Agreement- Closed Period Commitment

Recognition of employees – **Attached as Appendix G**

viii) Printing of Collective Agreement (Article 34.1)

The Corporation undertakes the responsibility for the printing of collective agreement(s) as may be required from time to time and will absorb the cost of printing however printed copies shall be provided to the Local Chairman, Vice General Chairman and General Chairman within 120 days of ratification.

Additionally, the Corporation shall, within 120 days of ratification, provide sufficient copies or CD versions of the Collective Agreement to the Local Chairman, Vice General Chairman, General Chairman. In all cases, this will include such costs incurred with the printing and delivery of updated pages.

Signed this _____ day of April 2011, in Montreal, Quebec.

On behalf of
VIA RAIL CANADA INC.

On behalf of
TEAMSTERS CANADA RAIL
CONFERENCE

Edward Houlihan
Director, Labour Relations

Rex A. Beatty
President

Dagmar Stroka
Senior Advisor, Labour Relations

Bruce Willows
General Chairman

Dino Trubiano
Director, Transportation Logistics
And Regulations

Rene Leclerc
General Chairman

William Michael
General Chairman

Phil Hope
Vice-General Chairman

Jean-Michel Hallé
First Vice-General Chairman

APPENDIX A

HEALTH CARE SPENDING ACCOUNT

April 7, 2011

The parties specifically agree that granting of the Post Retirement Health Care Plan shall not form part of, or be interpreted as part of the Collective Agreement.

Effective the first of the month following 6 months after ratification or as soon as the administrative systems are available (not to exceed 6 months), the Company will establish a Post-retirement Health Care Plan for the payment of post-retirement health care benefits. The provisions of the Plan are summarized below:

- **ELIGIBLE CONDITIONS**

An active employee shall automatically become a participant in the post-retirement health care benefits if that active employee satisfies all minimum eligibility conditions:

- Employees must be active as of January 1, 2011. For greater clarity this includes active employees who are in receipt of short- and long-term disability benefits, maternity, parental, compassionate care leaves or on a union office leave as of January 1, 2011.
- Employee must retire from the Company and start receiving immediate pension payments from the VIA Pension Plan on or after January 1, 2011.
- Employee must be at least age 55 at the time of retirement.
- Employee must have a minimum of 85 points* at the time of retirement.

Employees who retire on or after attaining age sixty-five (65) are not eligible. Eligible employees who retire between January 1, 2011 and implementation date will receive their first payment at implementation date and be entitled to a retroactive payment to cover the period between retirement date and implementation date.

** Sum of age plus Pensionable Service as defined in the VIA Pension Plan. For greater clarity, the same Pensionable Service that is used to calculate an employee's pension under the VIA Pension Plan will be used to calculate benefits payable under this plan.*

- **POST-RETIREMENT HEALTH CARE BENEFITS**

An employee who satisfies the above eligibility conditions will be entitled to receive a fixed, annual post-retirement health care benefit. The amount of the annual post-retirement health care benefit will vary based on service in excess of 15 years. The annual benefit amount shall be calculated as follows:

- \$25 per year of Eligible Service for employees with at least 85 points at the time of retirement, inclusive of Provincial Retail Sales Taxes, where applicable.

Eligible Service is defined as years of Pensionable Service at the time of retirement in excess of 15 years. The maximum Eligible Service is 20 years and the maximum annual benefit is \$500. For example:

Age of retirement:	55
Pensionable Service at retirement:	32.5
Points at retirement:	87.5
Eligible Service at retirement:	$32.5 - 15 = 17.5$
Annual benefit amount:	$17.5 \times \$25 = 437.50$

- **FORM AND METHOD OF PAYMENT**

Upon retirement, the Company will set up a Health Care Spending Account (HCSA) for eligible employees. The annual post-retirement health care benefit will be allocated to the employee's HCSA directly on a monthly basis.

The monthly allocations will begin on the first of the month following retirement and cease on the first of the month following attainment of age 65. For greater clarity, the monthly allocations to the employee's HCSA will cease upon reaching age 65 regardless of the start date. For example, an employee retires on October 15th of a given year, the monthly allocations will start on November 1st of that year (the annual benefit amount payable during the first year is adjusted by a factor of 0,17 [or 2/12 months]).

Pensioners may use the monthly allocation to defray the cost of the premiums required under the Blue Cross plan or any successor insurance company for VIA pensioners.

VIA Rail will oversee the administration of the HCSA. Administration fees related to the HCSA will be paid for by the Company but as specified above, Provincial Retail Sales Taxes, where applicable, will be charged to the HCSA. Forfeitures developing under the HCSA, resulting from the application of the CRA rules may be applied by VIA Rail toward the payment of the administration costs of the HCSA.

The HCSA will be subject to the rules of the Income Tax Act. Amounts allocated to the employee's HCSA can only be used to pay for eligible medical expenses as defined under the Income Tax Act. The Company will work with the selected vendor to provide the most efficient benefits delivery.

- **SURVIVOR**

In the event the eligible employee dies while in receipt of post-retirement health care payment, the surviving spouse, if any, shall be entitled to 55% of the member's post-retirement health care benefit. The reduced benefit (55% survivor benefit) will be paid to the surviving spouse in the same form and until the same date at which the employee's benefit would have ceased (when the deceased employee would have attained age 65). The surviving spouse, if any, shall be the same surviving spouse as for pension purposes.

In the event any change to applicable legislation or regulations or interpretation thereof would have the effect of directly or indirectly increasing the costs initially intended to be uncured by VIA as a result of providing the VIA-HCSA, VIA reserves the right to make such changes to the VIA-HCSA as required in order to maintain the same level of cost as initially intended.

Signed this _____ day of April 2011, in Montreal, Quebec.

On behalf of
VIA RAIL CANADA INC.

On behalf of
TEAMSTERS CANADA RAIL
CONFERENCE

Edward Houlihan
Director, Labour Relations

Rex A. Beatty
President

APPENDIX B

MANDATORY GENERIC DRUG SUBSTITUTION

Item (vi)

VIA Rail drug plan covers the cost of prescription drugs up to the amount charged for the lowest price interchangeable generic product, unless the doctor specifies on the actual script in writing that there can be no substitute.

APPENDIX C
LETTER OF AGREEMENT

April 7, 2011

RE: Early retirement

The following is in regards to our agreement with respect to the above referenced matter.

It is agreed that the issue of early retirement is settled on the following basis;

1. VIA confirms it's undertaking not to deny consent to any unionized employee applying for early retirement as of 55 years of age or more, as in its ordinary course of practice for handling such applications. This commitment will remain in effect until the signing of the Collective Agreement that follows the Collective Agreement which will be concluded in the course of the current round of negotiations with the TCRC.
2. In the event of an alleged violation of this memorandum of agreement, Arbitrator M.G. Picher (or in the event of his unavailability, an Arbitrator selected by the parties, or failing agreement, an Arbitrator appointed by the Minister of Labour) shall have jurisdiction to enforce the terms of the Memorandum by way of Arbitration conducted in accordance with the terms of the Arbitration Act (Ontario).

It is understood that this Memorandum of Agreement shall not form part of the Collective Agreement.

Signed this _____ day of April 2011, in Montreal, Quebec.

On behalf of
VIA RAIL CANADA INC.

On behalf of
TEAMSTERS CANADA RAIL
CONFERENCE

Edward Houlihan
Director, Labour Relations

Rex A. Beatty
President

APPENDIX D

MEMORANDUM OF AGREEMENT FOR THE EXPEDITED MEDIATION / ARBITRATION OF GRIEVANCES

BETWEEN **TEAMSTERS CONFERENCE RAIL CANADA**
(hereinafter referred to as the “**Union**”)

AND **VIA RAIL CANADA INC.**
(hereinafter referred to as the “**Corporation**”)

WHEREAS the Corporation expressed a desire to implement a mediation/arbitration process for the timely handling of grievances:

THEREFORE, the parties hereto have agreed to an expedited process to ensure the orderly and timely resolution of outstanding grievances.

1. The process will begin with the signing of this Collective Agreement and remain in effect for the life of the Collective Agreement.
2. The parties agree on Arbitrator J.F.W. Weatherill, or as otherwise agreed, for one day only each May and November, to hear predetermined and agreed upon cases in mediation / arbitration as provided herein. The cases will be agreed upon by the parties no later than the 15th of the month preceding.
3. Any and all fees charged by or costs incurred by the Mediator / Arbitrator, shall be shared equally between the Corporation and the Union.

4. This arrangement for mediation / expedited arbitration is undertaken by the Union and the Corporation in an attempt, in good faith, to clear up outstanding grievances.
5. Any settlements reached in mediation phase shall be without prejudice to either party, and shall not be regarded as an admission of liability by either the Corporation or the Union.
6. Should any dispute not be settled in the mediation phase, both parties must agree to progress the matter to the arbitration phase of this agreement.
7. The jurisdiction of the Mediator / Arbitrator shall extend and be limited to solely the mediation and expedited arbitration of specific disputes respecting the meaning or alleged violation of any one or more provisions of a valid and subsisting collective agreement between the Union and the Corporation, or pertinent legislation, including any claims related to such provisions that an employee has been unjustly or excessively disciplined but specifically excluding any cases involving the discharge of an employee.
8. In the event the parties cannot agree to a mediated settlement or to progress the matter to the arbitration phase of this agreement either party may progress the dispute to the CROA & DR for final resolution. In such event all discussions conducted during mediation are privileged at settlement discussions and cannot be revealed in the arbitration.
9. This special mediation / expedited arbitration process will be conducted in accordance with the instructions of the Mediator / Arbitrator, or as otherwise agreed to by the parties at the time of the commencement of the proceedings.
10. Should a case not be resolved by mediation, either party may refer the matter to the Mediator / Arbitrator for final and binding resolution. The submissions of the parties shall be limited to oral presentations of a maximum duration of 20 minutes (including rebuttal) for each party, per case.

11. Representations and arguments during this special process of mediation / arbitration shall be restricted and limited for each case, to no more than two (2) spokespersons for the Union and two (2) spokespersons for the Corporation, per case. Legal counsel will not be permitted to attend on behalf of either party.
12. The cases referred to Mediator / Arbitrator for mediation and final and binding resolution shall be limited to those specifically agreed upon beforehand, in writing, by the Union and the Corporation. The cases will be presented to the Mediator / Arbitrator in date order: i.e.: from the oldest to the most recent.
13. Each case referred to the Mediator / Arbitrator for expedited arbitration will be numbered consecutively by the Mediator / Arbitrator and he shall provide his decision orally immediately following the presentation of each case, unless otherwise agreed to between the Corporation and the Union. At the request of either of the parties, the Mediator / Arbitrator shall provide the parties with a short written summary of his decision(s), within 30 days of the special proceedings, or as otherwise agreed to by the parties.
14. The decisions of the Mediator / Arbitrator on any case referred to him for final and binding resolution under this process will not be used by the parties hereto for the purpose of establishing precedents or jurisprudence for the handling of any future cases of a like or similar nature and neither party may rely on any of these cases to support a claim that the issue had been definitively settled by a decision on any other case. The Mediator / Arbitrator shall not, in any case, add to, subtract from, modify, rescind, or disregard any provision of the Collective Agreement.
15. Each decision of the Mediator / Arbitrator, which is made under the jurisdiction of this memorandum of agreement, shall be final and binding upon the Corporation and the Union, as well as the employee(s) involved.

16. The Corporation and the Union agree that the powers of the Mediator / Arbitrator are restricted by and to these rules notwithstanding any other agreement to the contrary. The Mediator / Arbitrator shall not have the power to modify these agreed upon rules without the written consent of both the Corporation and the Union.
17. In the event that the parties encounter difficulties in implementing the decision(s) of the Mediator / Arbitrator, the Corporation and the Union agree that the Mediator / Arbitrator will remain seized of each of the cases presented to him for arbitration.
18. The decision of the Mediator / Arbitrator shall not be subject to appeal by either the Corporation, the Union or the employee(s) involved.
19. These special mediation / arbitration sessions will be held at times and locations as mutually agreed upon by the parties.
20. The foregoing shall apply to Collective Agreements No. 1.4 and 4.2.

Signed this _____ day of April 2011, in Montreal, Quebec.

On behalf of
VIA RAIL CANADA INC.

On behalf of
TEAMSTERS CANADA RAIL
CONFERENCE

Edward Houlihan
Director, Labour Relations

Rex A. Beatty
President

APPENDIX E

EMPLOYEES WHO DO NOT PERFORM WORK WITHIN A 24-MONTH PERIOD

Effective January 1st, 2011 an employee's seniority will be forfeited, his or her name will be removed from the seniority list and his or her employment terminated if as a result of lay-off, the employee has no compensated service under this Agreement in the application of seniority for any consecutive twenty-four (24) month period.

The designated Union Representative shall be provided with a list of the names of those employees who will be removed from the seniority list through the application of this rule. The Corporation will notify to their best ability the above mentioned employees.

APPENDIX F
LETTER OF AGREEMENT

April 7, 2011

Re: Part-Time Employees

In the most recent round of collective bargaining the Corporation asked the Union to consider the creation of part-time employees under Collective Agreement 1.4. The Corporation believes that part-time employees could assist with irregular service demands and the position could be of interest to Locomotive Engineers who wished to continue working but would prefer not to work 160 hours in a 28 day period.

As a result of discussions the Corporation and the Union have agreed to meet within 90 days following the ratification of the agreement to attempt to reach an agreement on the creation and use of part-time employees as set out above.

It is understood and agreed that if the parties are unable to reach an agreement on part-time employees, the issue remains as it was prior to this round of collective bargaining and the rights and obligations of the parties remain unchanged and in no way adversely affects the estoppel notice served by the Union regarding temporary employees.

Signed this _____ day of April 2011, in Montreal, Quebec.

On behalf of
VIA RAIL CANADA INC.

On behalf of
TEAMSTERS CANADA RAIL
CONFERENCE

Edward Houlihan
Director, Labour Relations

Rex A. Beatty
President

APPENDIX G
LETTER OF AGREEMENT

April 7, 2011

Re: Recognition of Employees

In the most recent round of collective bargaining the Corporation asked the Union to consider the creation of an employee recognition program for significant achievements by Locomotive Engineers and Yardmasters. Given the broad nature of the discussions the Corporation and the Union agreed to meet within 90 days of the ratification of the Collective Agreement to attempt to reach an agreement on an a recognition program or programs that would be satisfactory to both parties.

It is understood and agreed that if the parties are unable to reach agreement on a recognition program or programs, the issue remains as it was prior to this round of collective bargaining and the rights and obligations of the parties remain unchanged.

Signed this _____ day of April 2011, in Montreal, Quebec.

On behalf of
VIA RAIL CANADA INC.

On behalf of
TEAMSTERS CANADA RAIL
CONFERENCE

Edward Houlihan
Director, Labour Relations

Rex A. Beatty
President

APPENDIX H
LETTER OF AGREEMENT

April 7, 2011

Rex Beatty
President
Teamsters Canada Rail Conference
Suite 1710, 130 Albert Street
Ottawa, Ontario
K1P 5G4

Re : Memorandum of Agreement – General Wage Increase

Dear Sir:

This letter will confirm our agreement regarding the negotiated general wage increase for the years 2013-2014. In the event that the Corporation negotiates a general wage increase in excess of 3% annually for the year 2013 or 2014, with another union representing employees at VIA, we will increase the negotiated wage increase with TCRC for the year 2013 or 2014 to match the said wage increase.

Yours Very Truly,

Edward Houlihan
Director, Labour Relations