



NORTEL PENSIONERS THE FINAL STRAW

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Nortel Pensioners: the Final Straw

Nortel pensioners are a determined lot even in the face of challenges from avaricious foes. In January 2013, Nortel pensioners were part of bankruptcy mediation talks in Toronto. These talks were supposed to settle about \$9 billion dollars in Nortel assets. Two previous attempts to settle these assets were unsuccessful. This last attempt led by Ontario Chief Justice Warren Winkler just went south... Justice Winkler declaring that further efforts at mediation were 'no longer worthwhile'. The costs, associated with and underwritten by the Nortel bankruptcy to date, is estimated at \$838 million dollars and coupled with bondholders claim, for an additional billion dollars in interest charges, ensure that the \$ 9 Billion asset may be considerably reduced before any disposition is made.

Aside from interest charges, bondholders now claim anywhere from \$20 to \$36 billion dollars of the \$ 9 billion Nortel asset. That claim doesn't leave much room for pensioners many of whom are suffering from diminished pensions and effectively few benefits. Pensioners view bondholders as vultures scraping the bones of Nortel without any consideration about workers and managers who made the company work every day.

When Justice Hinkler threw in the towel, the chances of Nortel pensioners cashing in on the \$ 9 Billion dollars asset fund went adrift. The only option left appears to be litigation. It is estimated that that process will take years to resolve and by that time, if costs keep going up, little of the \$9 billion will be left. In the meantime, things don't get easier for Nortel pensioners many of whom are in their seventies.

So at the end of the day, Nortel pensioners are mired in bankruptcy proceedings over \$9 billion dollars of Nortel assets. The chance of federal government intervention is zero. Opposition parties are on record on making changes to the bankruptcy act to ensure protection of workers but there is no champion for pensioners in the federal government.

Prior to 2009, Nortel and its employees contributed to the pension plan. When the company filed for bankruptcy in 2009, many pensioners hoped their pensions and benefits would be protected. Pensioners paid on time but Nortel deferred its payments and when they filed for bankruptcy, the pension plan came under attack.

In 2010, Bill S216 was introduced in the Canadian Senate. S216 would have protected employees on long term disability by granting them preferred status in Nortel's and other company's bankruptcies. A companion piece Bill C501, introduced in the House of Commons would have protected Nortel pensioners and other company pensioners by granting them preferred status as well. S216 was talked out of the Senate and C 501 died on the order paper.

At the end of 2010, 375 Nortel employees on LTD lost their benefits. Tony Clement, the Minister of Industry at the time, said that to proceed with the type of protection included in S216& C501 would have caused litigation difficulties because of the court approved Nortel settlement agreement. In that bankruptcy agreement, secured creditors, bondholders, preferred shareholders, common shareholders were first with their claims and workers and managers got whatever is left. Effectively, the federal government shied away from getting involved in the Nortel bankruptcy and by so doing left pensioners to fight it out with the bondholders.

Nortel pensioners refuse to lie down and fade away. Some of disabled pensioners are suing the two trust companies in charge of the Nortel's health fund. The Nortel disabled pensioners say that the two trust companies knowingly allowed Nortel to significantly underfund the health and welfare trust. The two trust companies say that they will vigorously defend that accusation... another battle in this on-going pension war. Nortel pensioners are organized and with the help of the CAW are continuing to seek their fair share of the \$ 9

Billion dollars. That may take some doing and with litigation may take some time as well... but it may also be the final straw.

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