

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

July 13, 2009

The Honourable James Flaherty
Minister of Finance
Department of Finance Canada
House of Commons
Parliament Buildings
Ottawa, ON K1A 0A6

Dear Mr. Flaherty:

RE: AIR CANADA PUBLIC PARTICIPATION ACT (THE "AIR CANADA ACT")

I would like to introduce myself; I am the President and Directing General Chairperson of Transportation District 140 of the International Association of Machinists and Aerospace Workers ("the Union / IAMAW").

As a District we represent over 12,000 employees at Air Canada ("the company") as well as many other companies across Canada.

A large number of our members have been affected by the sale of Air Canada's Heavy Maintenance Division ("ACTS") to a group of investors by an entity named AVEOS. The IAMAW has been fighting this sale and working to protect the interests of our members through all available labour relations avenues including, going before the Canada Industrial Relations Board. These efforts have resulted in maintaining the employees' status as Air Canada Employees.

In our latest negotiations with Air Canada, the Union was able to secure a commitment to maintain the employment status of affected employees until April 1, 2011. The impacted employees will only move to AVEOS if the IAMAW is satisfied that AVEOS is a viable business. The issue of viability will almost certainly be litigated before that time.

The IAMAW is also of the view, that the company was prohibited by the provisions of the Air Canada Act, from selling its Heavy Maintenance operations. The Act specifically requires Air Canada to maintain overhaul bases in Montreal, Mississauga and Winnipeg. The sale of ACTS violates this provision of the Air Canada Act.

Over five hundred (500) affected IAMAW members have requested the Federal Government to enforce the provisions of the Air Canada Act. To date, you have not responded to these requests.

On behalf of the IAMAW, Air Canada employees, I am requesting that you provide to me the Federal Government's position on this issue.



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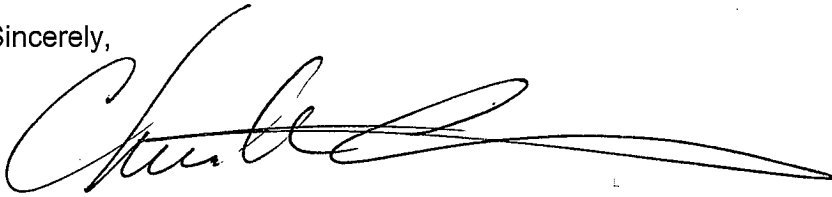
The Union believes that our government must concretely demonstrate its commitment to Air Canada and the provisions of the Air Canada Act and the vital role its employees play in maintaining good paying, highly skilled jobs in all regions of Canada..

For that reason, the IAMAW believes that our government must not only enforce these provisions of the Air Canada Act, but also amend the Act in order to provide that Air Canada must also maintain a Heavy Maintenance base in Vancouver.

The AVEOS issue has had a profoundly destabilizing effect on Air Canada's labour relations between the Union and the company. Enforcing the Air Canada Act will only serve in helping with the improvement of the labour relations environment within Air Canada

Please note this letter is written without any prejudice basis to the labour law arguments that the IAMAW will be advancing before the CIRB, or any court of competent jurisdiction.

Sincerely,



Chuck Atkinson

President & Directing General Chairperson
Transportation District 140, Canada
International Association of Machinists & Aerospace Workers

CA:gl



C TDL 140 File
Negotiations File