

# 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

## Questions and Answers

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These are answers to the questions that have been asked most frequently by IAMAW members over the last couple of weeks.

### **DO THE OLYMPICS IMPROVE THE BARGAINING POSITION OF THE IAMAW?**

No. Here's why we think that the Olympics will not create a bargaining advantage for the IAMAW.

The Olympics happen over a short period of time, during the slowest part of the year. So although it will be busy in Vancouver the impact for Air Canada as a whole will not be very great. Our thinking is also based on what happened during the 1988 Olympics in Calgary. While Air Canada did run some extra sections, those flights and the regular flights were only full during the week leading up to the start of the games and for a week after the close. In other words the impact on Air Canada in 1988 was small. It is also important to remember that during the 1988 Olympics most of the visitors and athletes traveling to the games, traveled on their national carriers ( e.g. United Airlines, Lufthansa) and were serviced by Air Canada and Hudson General (now Servisair). In Vancouver Servisair and Swissport both have a large presence and will get a lot of the work.

### **ARE CANADA'S FINANCES REALLY IN BAD SHAPE? HAS THE IAMAW CONFIRMED THAT THE FINANCES ARE IN BAD SHAPE?**

Yes. The IAMAW research staff in Washington has the financial expertise required to assess the financial position of airlines. The IAMAW review concluded that Air Canada is in a weak financial condition. Internal researchers as well as outside financial advisors for all of the Air Canada unions (Pilots, Flight Attendants, and CAW) conducted similar reviews and all of them reached the same conclusion.

The situation Air Canada is facing is what other airlines are facing. West Jet has asked its employees to take time off without pay, while British Airways and Air India has asked its employees to work for free for short periods of time. The world is in the middle of an economic recession. Hard times are always hard on airlines.

### **WHY IS THE COLLECTIVE AGREEMENT BEING EXTENDED FOR 21 MONTHS?**

The pension moratorium will also be for 21 months. There is, however, no particular reason why the collective agreement is being extended for 21 months. From the point of view of the IAMAW we think that a 21 month extension may play to our advantage.

The first advantage of a 21 month extension is that we cannot gain anything for our members now. We are in the midst of the worst economic downturn since the 1930's. While we cannot predict what things will look like 21 months from now, we do know what things look like now. Air Canada is in bad economic shape and the economy is creating significant problems for the airline. Given what has happened to date, we think that things are likely to be better 21 months from now.

If things get better during the next 21 months, Air Canada's ability to take money out of the company is limited. No payments can be made to shareholders through to the end of 2010 and we, along with the other unions, will be able to use our shares in Air Canada and our director to influence Air Canada's behaviours. In other words, if Air Canada makes money the money will be available to repay our members for the sacrifices that they have made.

One final point – a 21 month extension means our contract will expire at the end of March in 2011. This means that we will gain the right to strike in the summer months which will improve our bargaining position for our next contract.

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**WHY ARE THE PENSION AGREEMENT AND THE COLLECTIVE AGREEMENT EXTENSION LINKED?**

It was the view of the IAMAW and all of the Air Canada unions that this was the best way to proceed. The pension agreement gave us the ability to protect the provisions of our existing collective agreement.

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**THE NEW AGREEMENT PROVIDES THAT THE TRANSITION OF CERTAIN EMPLOYEES TO AVEOS WILL TAKE PLACE IN 21 MONTHS. DOES THIS MEAN THAT IF WE VOTE YES THAT THOSE EMPLOYEES MUST TRANSITION TO AVEOS IN 21 MONTHS?**

No. Transition will only occur if Aveos is viable in 21 months time. If the IAMAW believes that Aveos is not viable on that date, then the IAMAW will take all legal means to prevent transition from occurring. The sale of Aveos took place in October of 2007. Transition of employees has yet to occur because of the efforts that the IAMAW has taken to resist transition. Employees will not transition unless and until Air Canada is satisfied that Aveos is viable.

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**WHAT HAPPENS IF WE DO NOT RATIFY THE EXTENSION OF OUR COLLECTIVE AGREEMENT?**

Air Canada needs both an extension of the collective agreement and the pension agreement in order to obtain funds from lenders and the approval of the federal government to defer its payments toward the pension plan's unfunded solvency liabilities.

If the agreement is not ratified then we believe that Air Canada will seek court protection from its creditors under insolvency legislation. During the last court supervised insolvency of Air Canada we lost a lot. If this happens again we believe that we would lose even more.

Our pension plan would be very much at risk. In our view it is highly unlikely that it would survive another insolvency. This means that each active member would lose 25 percent of the value of their benefits while retired members would have their pensions reduced by 25 percent.

GDIP is an unfunded uninsured program. Members on sick leave and long-term disability leave could lose their benefits.

Our collective agreement is also expired. In the absence of a collective agreement, we will be forced to bargain with an insolvent company. The application of normal, labour law principles could lead to a situation where we gain the right to strike while the company gains the right to lock us out or unilaterally alter the terms of our collective agreement.

There are lots of risks associated with not ratifying our collective agreement extension. There are no advantages. This is why all of the Air Canada unions have entered into collective agreement extensions.


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#### **WILL AIR CANADA EVER CHANGE?**

Air Canada needs better labour relations and it needs to make sure that it does not keep going from pension crisis to pension crisis. In response to your concerns Air Canada has agreed that it will work with the IAMAW to improve labour relations. Air Canada has also agreed that if we cannot improve the climate then we can seek the help of Judge Farley to make non-binding recommendations on how to improve our relationship. While these recommendations are not binding we believe that this is a good, first step. Our job will be to use this mechanism to lay the foundation for something better.

We have also obtained Air Canada's agreement to re-examine how it invests its pension fund. The experience of the last few years proves the need to invest the money in a way that lessens volatility and improves security for plan members.

In solidarity,



Gary Sinclair  
General Chairperson  
Central Region

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