

## Questions to the IAM

1) With regards to priority for an available position at Aveos:  
Option 5 (selects Aveos because of insufficient seniority to bump ACM @ point).  
Option 1 (Transition option 1 note: V.B.3. On pg 7 - selects Aveos because of insufficient seniority to bump ACM @ system)

**Question:** Why would a junior employee who attempted only to bump at Point, have priority to hold an Aveos position over a more senior employee who attempted to bump the System as stated in V.B.3

**Answer: Other than YEG,** there will not be an oversubscription to Aveos, therefore there will be positions. The MOA was created to help maintain employment at the point.

2) **Re - Air Canada Personal Travel Privileges:** Does everybody including those who fall into Category 1 (Eligible to retire and will receive full retirement travel benefits) lose the C1/J10 pass privileges, AC Family Affair program, AC cargo discounts.

**Answer:** The pass privilege is the company offer and not the Unions position. This is one of the items being arbitrated.

3) With Category 1, eligible to retire, all C1/J10 and incentive passes are terminated within 90 days. What about the 25 year pass?

**Answer:** The pass privilege is the company offer and not the Unions position. This is one of the items being arbitrated.

4) Explain why the Pension and Benefit Agreement between AC and Aveos will be amended. What was changed and why?

**Answer:** The document is an agreement between the two companies on how the money will be transferred. Amendments that were made such as the company name change from ACTS to Aveos. Aveos will create a mirrored pension plan to Air Canada's.

5) The Mercer pension calculator shows that my pension income will improve by \$627/month to \$766/month (depending on retirement option selected) if I stay with Air Canada for the next 4 years reaching my 35 yrs service/age 55. What amount will 4 years of service in the new Aveos pension plan provide for an employee entering the new Aveos Pension plan at age 51?)

**Answer:** Please refer any pension questions to Mercer.

6) Why did the IAM DL140 issue 2 bulletins (Oct 10, 2008 and again on Nov. 7, 2008) informing the membership that talks are on hold then continue talks in secrecy and to completion without the elected negotiation committees involved?

**Answer:** There were no meetings held in secrecy. There were no changes to the collective agreement which required the negotiations committee.

Had either the Union or Company gone to the CIRB, there would be nothing dealt with other than what is within their jurisdiction to rule on.

The CIRB would only have jurisdiction to rule per the Labour Code on two issues. 1) The right of selection of company. 2) The right to severance pay. Both items had a 50/50 chance of going in favour of our members getting their wishes.

Due to the sale of ACTS, Air Canada had surplus employees in the stations where Air Canada and Aveos exist and those employees were seconded to Aveos. Air Canada will be laying those seconded employees off. As a result of Air Canada laying the seconded employees, this triggers the selection and bumping process in the collective agreement.

Talks were suspended while the IAMAW financial advisor reviewed the company financial status.

On June 11, 2008 the points of discussion were agreed to in principle, with five outstanding issues. At this point, the company was not prepared to discuss further, they were prepared to take the issue to the CIRB for a decision. The CIRB would only have jurisdiction to rule per the Labour Code on two issues. 1) The right of selection of company. 2) The right to severance pay.

From that point on, there were no further discussions between the Company and the Union. Both the Union and Company lawyers met to draft the final document.

And wasn't Jim Collier already retired prior to the date this agreement was signed, Jan. 8, 2009.

**Answer:** Jim Collier retired from his position as President and Directing General Chairperson as of December 31, 2008. Jim was asked and agreed to stay on in consultation to the MOA that he had been involved in since the beginning of the talks and the original filing with the CIRB of the Unfair Labour Practice. He had the history and knowledge of discussions dating back some 14 months.

7) IAM DL140 informed the membership in November that a financial advisor would review Aveos' financial situation. At about the same time, KKR Private Equity Investors revealed in its 2008 3rd quarter report that Aveos' value decreased from 70% of original purchase value in June 30, 2008 down to nil by September 30, 2008.

What has the IAM's financial advisers learned in regards to Aveos' financial situation?

**Answer:** [http://kkprivateequityinvestors.com/pdfs/Q32008\\_Report\\_110308.pdf](http://kkprivateequityinvestors.com/pdfs/Q32008_Report_110308.pdf)

8) It is my understanding that in the event of bankruptcy, under-funded pensions are generally wound-up under OFSI rules. If I transfer to Aveos, what would happen to my Air Canada pension if Aveos ceases operation in Canada in a filing under the Federal Bankruptcy and Insolvency Act?

**Answer:** If you become an Aveos employee, your pension is guaranteed by Aveos to the extent it is funded under the pension law in Canada. Your Aveos pension is a mirrored plan as that of the Air Canada plan. Your pension with Air Canada ceases the day you become an Aveos employee. In the event of Aveos filing for bankruptcy and liquidates, then they must purchase you an annuity equal to what your pension benefit would be. In the event of the pension fund being underfunded at the time of liquidation "wind up" your pension benefit would be subject to the reduction to the extent of the pension laws. OSFI website: [www.osfi-bsif.gc.ca](http://www.osfi-bsif.gc.ca)

9) How can an MOA of this magnitude that is so far beyond the Collective Agreement not be subject to ratification by the membership?

**Answer:** There was no change to the collective agreement. The Union had a choice to either enter in to discussions with the two companies, or to go to the CIRB

The CIRB would only have jurisdiction to rule per the Labour Code on two issues. 1) The right of selection of company. 2) The right to severance pay. Both items had a 50/50 chance of going in favour of our members getting their wishes.

The MOA provides additional rights and choices.

1) Jobs for people at both companies.

- 2) The ability to choose the company of preference for eligible employees.
- 3) Service level agreement extended to 2013.
- 4) Ability to retire/rehire for eligible employees.
- 5) Protected Pension Plan.
- 6) Ability to arbitrate outstanding issues that we could not agree upon.

10) How will the Aveos employees be compensated for the loss of AC profit-sharing/sharing our success? Wasn't profit sharing a negotiated compensation for our CCAA collective agreement concessions?

**Answer:** There was no negotiated compensation regarding profit sharing/sharing our success at the time of CCAA or contract negotiations. The company, on their own said they would give this to their employees. We did not negotiate this as we knew that the company would likely come back at some time in the future looking for something back from our members in addition to what we were ordered to give back during CCAA. Air Canada can also cancel this at any time they wish.

11) An earlier circulated MOA draft (Company's first offer to the union) allowed employees who had insufficient seniority, a period up to 3 years to transition to the company of their choice. Why is this option no longer available?

**Answer:** The particular suggestion was part of our want list that the company put in to a draft MOA. The company wanted all employees to be moved yesterday if they could get it. The company states their needs to train people for licensing requirements, specialized licenses, NDT, and LLAT's. The current MOA provides for a transition that may need to take from 12 months to 36 months to accomplish due to those circumstances.

12) What is the definition of "Basic Category" as it applies in this MOA? The collective agreement defines basic and above-basic classification but no definition is provided for basic and above basic categories.

**Answer:** Each category is defined in the collective agreement article 4.0, 8.0 such as cat 01, cat 13, cat 23, cat 33, stockkeepers etc.

Within those categories are classifications, such as mechanic, lead mechanic, cleaner, lead cleaner, stockkeeper, lead stockkeeper, LLAT for Cat 01.

The basic category in the cat 01 example would be that of a Lat mechanic cat 01 and not the LLAT. For the others in the example, for cat 13, and cat 23 that would be the mechanic classification and not the lead mechanic, for cat 33 that would be cleaner and not the lead cleaner, stock-keeper and not lead stock-keeper.

13) Why are employees not considered as "Eligible Employees" if they are on permanent lay-off or were placed on temporary lay-off prior to June 1, 2008 or if they are working at an ACM only point?

**Answer:** This is one of the outstanding items in the MOA VIII #2. Once a decision has been rendered the Union will provide further details.

14) Per Schedule 1, please explain the relevance and tax implications in regards to the following statement: "Air Canada travel privileges to be provided pursuant to the terms hereof are intended to constitute a retiring allowance within the meaning of the Income Tax Act (Canada)"

**Answer:** This is an Air Canada document and the Union does not agree. As such, the item is being arbitrated per the MOA, outstanding issues VIII.

15) What is the impact on Air Canada travel privileges for an employee in Category 2 (15 plus year of service) if he retires or leaves Aveos with less than 25 years of service or less than 80 points and prior to reaching age 65?

**Answer:** This is an Air Canada document and the Union does not agree. As such the item is being arbitrated per the MOA, outstanding issues VIII.

16) Options 3, 4, 6 & 7 (retire or resign and rehire with Aveos) are conditional on eligible employees receiving from Aveos an offer of an available position. If 3 positions are available and 10 eligible employees apply, can Aveos discriminate who fills these positions or will seniority/priority per the MOA determine who will fill these positions?

**Answer:** To fill an Aveos vacancy will be as per the MOA by seniority. Line Maintenance at the dual stations will be offered retire/rehire resign/rehire if there is an oversubscription at Air Canada. There would also have to be a vacancy at Aveos.

17) Please clarify the definition of "Eligible Employee" by listing in point form, those included and those excluded as eligible employees.

**Answer:** Part of the arbitration.

18) Why does this MOA disregard seniority for the Retire and rehire with Aveos options? If we all work for Air Canada and we all work on Air Canada's aircraft, why should it matter for priority where I'm assigned for the benefits of (AC or Aveos) on the CIRB date?

**Answer:** The retire/rehire option gives the opportunity for a more secure employment. They go from the top of the seniority list to the bottom and become the junior employee.

19) Is Aveos going to bring back employees (who had to bump to another station to continue their employment) to their home point before they offer a double dip to the retirees?

**Answer:** No.

20) Why is Fred Hospes IAM DL140 GC at large, not being transitioned to Aveos till the end of his term? Does Fred think its ok for him to stay at AC while employees in his category are forced to Aveos due to lack of positions at AC and he will hold his pension a pass profile as an AC employee not Aveos. Did Fred put up a fight not to bypass seniority?

**Answer:** The affected General Chairpersons will make the choice, just the same as everyone else. They will be transitioned after their leave of absence ends.

It is my understanding, that your major concern is the interpretation of the General Chairpersons clause in the Memorandum of Agreement.

The following is the meaning of that clause and the inclusion of this in the Memorandum was to demonstrate transparency. I should add that both companies concur with its meaning as well.

*"The two (2) General Chairpersons will select their transition options at the same time as everyone else.*

*They will remain on a leave of absence so that they can fulfill their responsibilities as elected officials of District 140. Once they have relinquished office whether voluntarily or through election they will then physically transition to the company that they have selected.*

*Should either or both choose to become an employee of Aveos, they will physically transition there at the end of their terms as General Chairpersons. They will hold a position on the Aveos seniority list.*

***While they are General Chairpersons they will not accrue any company service with Air Canada unless they choose Air Canada as their employer of choice and are successful in that choice.”***

The provisions for retirement abilities from Air Canada, as I am sure you know, hinge upon certain milestones. They are twenty-five (25) years of service, age plus years of service equalling eighty (80) points, sixty-five (65) years of age.

The pensions for either of these two (2) individuals will be based on their company of choice and success obtaining their choice. For anyone who chooses Air Canada and is successful, nothing will change and the pension benefits will be as per the provisions of the Air Canada Defined Benefit Plan.

For anyone who becomes an employee of Aveos, the pension benefits of the Aveos Defined Benefit Plan will be a mirrored plan of the current Air Canada plan.

There is no advantage to these two (2) brothers nor have they been disadvantaged through this process.

As you are also aware there were five (5) outstanding issues that have been taken to arbitration by the District and our Lawyers. Should the provisions of the MOA not be fulfilled, then there is no MOA.

As for the travel privileges, they are the company offer, and not part of the CBA. They are also part of the outstanding items.

21) Why is Jim Coller's signature on the MOA considering that he has retired?

**Answer:** Jim Coller retired from his position as President and Directing General Chairperson as of December 31, 2008. Jim was asked and agreed to stay on in consultation to the MOA that he had been involved in since the beginning of the talks and the original filing with the CIRB of the Unfair Labour Practice. He had the history and knowledge of discussions dating back some 14 months.

22) Will there be any compensation for loss of benefits and job security for those Categories that no longer exist at ACM or Categories that will be extremely limited in numbers at and ACM?

**Answer:** There is no loss of benefits. A full round of collective bargaining will take place with all of those things intact and the collective agreement will remain in place until ratified.

23) CAW President Ken Lewenza has just announced as part of their new collective agreement a deal that gives employees of Aeroplan a two-year window to return to former sister company Air Canada if they want and with their full seniority, or vice versa. Why did the IAM sign this MOA and leave something of this importance (that should be considered a deal-breaker) to be decided by an arbitrator?

**Answer:** It is not the Unions practice to comment about what any other union did or did not get. The outstanding items that the company would not agree to were taken to arbitration.

24) I need pension information in order to make an informed decision with regards to continuing with AC and having one pension or transferring to Aveos and having two pensions when I retire. Please provide the membership with an Aveos pension calculator or a table showing the monthly pension benefits one can expect to receive from the new Aveos pension based on the number of

years of participation and employees status at time of entry into the new plan. (Age, married, single, etc.)

**Answer:** Personal pension information should be sought from Mercer. Air Canada and Aveos have agreed to supply a Mercer Hotline

25) Jim Coller and Tony Didoshak were former AC employees from “Airport & Cargo Operations”, who both retired from Air Canada some time ago and double-dipping on an IAM Salary and participating in the IAM Pension Plan. Neither have any vested interest in the outcome of the spin-off of Maintenance. Why did the IAM DL140 choose Jim Coller and Tony Didoshak to represent and negotiate this MOA on behalf of "Technical Services" employees?

**Answer:** The “spin off” was to take place whether Jim Coller or Tony Didoshak or anyone else for that matter were there or not. The company already sold the interest to KKR/Sageview Capital. They did not ask the Union to sanction their sale.

Both Jim Coller and Tony Didoshak are employees of District 140 IAMAW and have extensive careers with Air Canada and long standing negotiations experience with the union.

Jim Coller was elected as the President and Directing General Chairperson of District 140 and has been the negotiations chair for the district at many past negotiations on behalf of all IAMAW members including “technical services” members with the company.

He has a record that is impeccable and has proven himself more than willing to sit at the table for a long time attempt to get what the members ask of him. Both he and Tony are well respected within their respective positions both at this time and in their prior career paths.

Why didn't the IAM use the elected GCs and elected negotiators from “Technical Services” group who have a vested interest in the outcome, to negotiate this important MOA?

**Answer:** Under the direction of Jim Coller, the President and Directing General Chairperson, all of the General Chairpersons who were assigned to represent the maintenance employees across the country attended most, if not all of the meetings that were scheduled between the companies. The negotiations committee members were brought in to meetings at a point when a draft was formulated and asked for their concerns. Any concerns they had were addressed.

26) Following the AC/CAIL merger, Air Canada transferred engine work out of MTU (the engine MRO previously spun off by CAIL) and took away negotiated pass privileges from MTU employees. What happens when Air Canada merges with another airline as Robert Milton and most airline analysts say is inevitable?

**Answer:** No one can predict the future. Passes will be protected as per the MOA arbitrated for Air Canada.

27) Will passes become an employee’s right in Aveos world since it is part of an agreement or will it still remain a privilege?

**Answer:** The travel pass portion of the MOA will be what will be in place for the Aveos employees moving forward, subject to the arbitration decision on outstanding issues.

28) Will the bumping process in Air Canada follow the pattern of Point, Region, and then System?

**Answer:** The processes of article 16.15, layoff and bumping will be applied.

29) #3 Transition options

With option 3, 4, & 5 please clarify basic category and basic classification.

**Answer:** Each category is defined in the collective agreement article 4.0, 8.0 such as cat 01, cat 13, cat 23, cat 33, stock-keeper etc.

Within those categories are classifications, such as mechanic, lead mechanic, LLAT for Cat 01. The basic category in the cat 01 example would be that of a Lat mechanic cat 01 and not the LLAT. For the others in the example, for cat 13, and cat 23 that would be the mechanic classification and not the lead mechanic, for cat 33 that would be cleaner and not the lead cleaner, stock-keeper and not lead stock-keeper.

30) With Option 1, will there be severance paid if there is no position available at Air Canada and not accepting Aveos option?

**Answer:** Part of the arbitration on outstanding issues.

31) If you opt to stay with Air Canada but are held for operational requirements by Aveos, would there be an obligation on Aveos' part to keep you gainfully employed?

**Answer:** If Aveos no longer need to hold you for operational requirements you go to Air Canada.

32) If you choose to go to Aveos and you get laid off, will our flight benefits remain as they are with Air Canada where they will be good for one year?

**Answer:** Travel privileges in the MOA are not contingent upon employment at Aveos.

33) If you are with Aveos and are laid off, what are your recall rights?

**Answer:** Recall rights are as per the collective agreement with Aveos.

34) If an employee with more than 15 years seniority elects to stay with Aveos, what assurances does he or she have that full travel benefits will be reinstated when he or she becomes eligible to retire?

**Answer:** The MOA is a signed agreement between the parties. Passes are part of the arbitration on outstanding issues.

35) If an employee who has 15 years plus opts to go with Aveos and the company folds, will all our benefits, including flight, be honoured by Air Canada? Will that be in writing?

**Answer:** Once you become an Aveos employee, you have benefits per the collective agreement from Aveos not Air Canada.

In regard to the travel privileges, they are not contingent upon being employed at Aveos as seen in the MOA. As well working somewhere else towards the pensionable milestone and then receiving full retiree travel privileges is also not contingent upon working for Aveos.

Passes are still part of the arbitration on outstanding issues.

36) What will happen with our Air Canada benefits if we elect to go to Aveos, and will that be in writing?

**Answer:** That is already covered in the MOA. When you become an Aveos employee you receive benefits as per the collective agreement from Aveos.

37) If I choose option 1 ending up laid off to the street and some time in the future (during my 7 year recall period), apply for job at Aveos, would Aveos make it a condition of employment for me to sever my recall from Air Canada?

**Answer:** This is a question that would be more appropriately answered by Aveos.

38) If I choose option 1 initially and cannot hold a position at Air Canada due to lack of seniority, can I subsequently choose option 5 for the one time offer of an available position at Aveos?

**Answer:** Details of this type of question are in the flow chart.

39) Does this MOA affect the 2009 round of collective agreement bargaining for Air Canada or Aveos?

**Answer:** No. Normal bargaining will take place between the IAMAW and Air Canada as well as the IAMAW and Aveos.

40) Did the Union consult with legal regarding the Air Canada Participation Act and could we have used it to stop the sale of ACTS?

**Answer:** Yes the Union did consult legal. They said we could not stop the sale of ACTS.

41) What does the Air Canada Participation Act give us?

**Answer:** A legal opinion will be forthcoming.

42) What happens to my sick bank days going over to Aveos retiring from Air Canada?

**Answer:** Retire from Air Canada - No sick bank.

Choose to work for Aveos – Sick bank goes with you.

43) Uniform Allotment?

**Answer:** If you move to Aveos your allotment will be rolled over.

Retire/Rehire – The collective agreement issue on Uniforms will apply.

44) If I am in a category that does not exist at Air Canada will Air Canada retrain me for another category?

**Answer:** This would be a decision only Air Canada can make. If there are vacancies they could offer you alternate employment if you meet the requirements as per the alternate employment MOA.

45) If I was previously laid off and bumped to another station, do my recall rights still exist to my home station?

**Answer:** You will be on the recall list to the company you selected.

46) What stops Air Canada from taking back hangar space to perform A&B checks?

**Answer:** We continue to meet with Aveos to ensure continued work protection. The MOA and the service level agreement provides for Aveos to do all Heavy Maintenance checks.

47) Will there be a review of past seniority dates during this process?

**Answer:** The seniority integration process has been dealt with and cannot be re-opened. 16.18.01 applies on a yearly basis.

48) I am 63 years old with 10 years of service. If I elect to stay with Air Canada and get laid off, will I get retiree travel when I reach 65?

**Answer:** Normal Air Canada policy on travel applies.

49) I am off work on GDIIP, or WCB, what happens to me?

**Answer:** You will be given a selection choice of where you want to be. The company where you end up at will have to administer your GDIIP, or WCB.

50) If I make no selection what happens?

**Answer:** As is stated in the MOA page 6 #4.

If the eligible employee does not indicate any selection, or does not return the selection form by the selection closure date, the eligible employee shall be deemed to have selected the employer, whether Air Canada or Aveos, for which the eligible employee was performing work on the selection closure date, or for which employer, the eligible employee had last performed work prior to the selection closure date. Such eligible employee shall cease to have any rights with regard to the other employer, whether Air Canada or Aveos, except as specifically provided herein. For greater certainty, any eligible employees assigned to work for the benefit of Aveos on the CIRB date under the general services agreement who do not select a transition option or do not return the selection form by the selection closure date shall be deemed to have selected to become employees of Aveos, pursuant to transition option 2.

51) Will letters of discipline be used against a person to prevent them from selecting the company of choice?

**Answer:** Not in this process.

52) What about the stations like YYC, YYZ, YHZ, YOW, do they get a choice if they prefer to work for Aveos?

**Answer:** This is part of the outstanding items still being arbitrated.

53) I am very close to being able to select the retire/rehire option. Will there be any provision for me to get to that milestone?

**Answer:** No.