

Feb 2010

THE SNAG SHEET

MONTHLY NEWSLETTER OF CANADIAN
AIRWAYS LODGE 764



International Association
of Machinists and
Aerospace Workers
Representing Air Transport
Workers in
British Columbia and the
Yukon



President's Message

In the words of the inimitable Mark Twain; there are 3 kinds of lies –“lies, damn lies and statistics”. That is my way of saying that we had almost an 80% increase in the attendance at our February General Monthly meeting compared to our usual monthly attendance. As impressive as that may seem the reality of this particular statistic is that for this meeting we managed to attract a grand total of just less than 4% of our active membership to this meeting. In any other month the affairs of LL764 are decided by the just over 2% of our members who take the time to get involved and attend the monthly meetings. That is an amazing show of faith by the other 98% of you.

The reason for the larger than usual turn out was the attendance of the NDP MP for New Westminster, the Honourable Peter Julian. Peter is a member of the House of Commons Transport Committee, former Transport critic and current Trade critic for the NDP. Peter addressed the meeting about his private member's bill C-379, an Act to amend the Air Canada Public Participation Act to include Vancouver as a required maintenance base for Air Canada. He talked as a person who flies across this country twice a week about his concern for where and how the maintenance is performed on the aircraft he and all Canadians fly on. This is an issue that resonates with all Canadians but

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the people in the industry – **like you** – have to make it an issue with your MLAs and MPs so the public have something to support.

He also talked about the federal SMS safety program. There is some good news there as the government has retreated from enacting the legislation that would legitimize the regulatory changes that have already been implemented. This has occurred because a large number of aviation professionals from all over the country and all aspects of the industry have gone to their MPs with their concerns and first hand stories of the flaws inherent in the SMS safety system. There is still much work to be done to roll back the regulations that Transport has brought forward, but it is a start.

Peter made a very impassioned plea for all of our members in Vancouver and across the country to get out and visit with your MPs, regardless of political party, and inform them of what is going on. He said that it a mistake to think that your MP knows everything that is going on in every industry in the country. They don't. They only know what they see in the media, which has an inherent business friendly slant and they know what their constituents tell them are issues and concerns. His message was to never underestimate the power you have with your elected officials. They listen very closely to the voters who take the time to write or to meet with them about issues that concern their constituents and their families..

The airline industry is no different. Your MPs don't know about how your jobs are being outsourced and shipped offshore unless you tell them. They don't know about the race to the bottom that is taking place in

wages, benefits and working conditions in our industry. They certainly get to hear Air Canada's spin on these issues from their fulltime paid lobbyists in YOW. They hear from the airlines about how wonderful SMS is and how they will not sacrifice safety for profit. Your MLA and MP do not know what happens day in and day out in Canada's airlines and airports if they do not hear it from the people who live it. **That's you again.**

Please tell them. Visit the Political Action website link on our www.iam764.ca website and find out who your MLA and MP are if you don't know. You will find their names, addresses, and contact information. You can even see how much you pay them. Contact any of the committee members for any questions you may have or any assistance you may need to contact your representative. It is your job and your pension and your family's safety and future. Help protect them. Get involved instead of hoping others will do it for you. Get the decisions you want made and not the decisions someone else wants made.

Christopher Hiscock
President

Canadian Airways Lodge 764

Photo Front Page:

The NDP Member of Parliament for New Westminster, the Honourable Peter Julian attended our February General Monthly Meeting.

Kelowna Flightcraft



Several of my Snagsheet articles have highlighted industry leaders in the air transport world, some based in the United States. Often, an American aviation business model is copied in Canada. Westjet is an excellent example, being a clone of SouthWest Airlines. As much as I enjoyed writing about Evergreen Airlines of McMinnville, Oregon (Snagsheet September 2009) for its “niche” survival in the cutthroat air transport conversion business, I was just as thrilled to discover a company in Canada with the same kind of business smarts and longevity – Kelowna Flightcraft.

Kelowna Flightcraft (KF) has paralleled the aircraft conversion business model, to a lesser degree, of Evergreen Airlines. That model’s mantra is - “do something well that no one else does, and, do it at a competitive price – and - you will be successful”. Barry Lapointe, the principal owner of KF since 1970, has been doing just that.

The company began as a forest fire patrol and fishing lodge charter provider in 1970. Later the company expanded into aircraft sales and leasing Canada-wide, and, by 1995, had become skilled at the conversion of older commercial passenger aircraft for charter work or freighter assignments. Notably, KF would buy up used Convair 580 passenger turboprops for conversion to short range inter-city freighters, or used B727’s of vari-

ous models.

In the B727 passenger charter field, several KF aircraft were most prominent in their livery with Greyhound Air of Canada colours, before Greyhound’s demise in 1996. Some of these aircraft were then leased to Air Columbus in the USA, before it expired in 2002. KF also provided B727 backup capacity to Skyservice for the ill-fated Roots Air experiment that perished after six weeks of operation. In 2007, KF refurbished former PWA B737-275 (fin 560 C-GWPW) for Canadian North, and provided B737-8Q8 aircraft leasing to Sunwing Airlines of Ontario.

In the cargo arena, KF currently has 14 B727F’s (many converted from passenger aircraft at the Kelowna Maintenance Base) leased to Purolator (Canada Post) and 5 Convair CV-580’s. In 2008, the Purolator lease was expanded to include two used DC10-30F aircraft. Both DC10 aircraft began passenger service with British Caledonian in 1977, and were later converted to cargo use by other companies. KF began operating both for Purolator in 2008, one from Dutch Air Service (DAS) Air Cargo, and the other acquired from Varig of Brazil. KF currently has 21 aircraft on lease to Canada Post.

Of course, KF can thank Air Canada for its Purolator lease growth. As Air Canada has fine-tuned its seat capacity on various flights domestically since 2003, and down-sized to smaller, more fuel efficient aircraft with less cargo space available, its once major customer, Canada Post, has received less and less guaranteed space in the cargo holds of Air Canada scheduled aircraft across Canada.

Canada Post, already aggrieved when Air Canada dumped its cargo freighter aircraft operation three decades ago, and reduced its commitment to the carriage

of mail, first bought a major stake in the small package courier Purolator. Later, when the AC/CAIL merger further reduced flight frequencies, Canada Post demanded more capacity from Purolator, and Purolator asked Kelowna Flightcraft to find that capacity. In a used aircraft market awash with stored inventory in the desert and elsewhere, two good used DC10-30F's available at attractive rates were not hard to find.

KF does most of its overhaul work in Kelowna, B.C., with a second facility at the John C. Munro Airport in Hamilton, Ontario. Over the years, it has grown adept at finding well-maintained, bargain-basement priced B727's and converting them for customer use, usually with a lucrative long term leasing contract already in hand. KF's success is that it has lots of aircraft, but someone else is always paying the rent on them. Recently, KF expanded its services, and was awarded a 20 year contract for crew training and maintenance upkeep of smaller Canadian military aircraft.

But the best summary for this story must be the last sentence.

Just like Delford M. Smith of Evergreen Airlines (September 2009 Snagsheet), after four decades in one of the most brutal businesses on the face of this planet, Kelowna Flightcraft is still making money off leasing and refurbishing older aircraft in Canada, and Barry Lapointe still owns the company.



David Varnes,
ST LL764
and Chair
History Committee

LL764 Pension Report

If you opt for early retirement; which is defined as any retirement before attaining age 65 you will usually have 4 different options in how you can receive your monthly pension benefit (money). Last month I talked about 2 of those choices – the J&S50% option and the J&S60% option.

The other 2 options for early retirement that you will have to choose between allow you to either take the “level life” option or what is called the “integrated with government benefits” option. In my opinion this is a very misleading name. This option does not influence the amount of your CPP or OAS as the name suggests but rather is meant to replicate them prior to your 65th birthday. It is often colloquially referred to as a “front end loaded” or “higher to 65” option. You are simply borrowing your own pension money and paying yourself at a higher rate (equivalent to a full 2% pension) up to your 65th birthday and then paying back the “loan” with an actuarially reduced pension for the rest of your life after you reach age 65.

The “level life” option simply means that your monthly pension payment is calculated to pay you the same amount of money every month from the first month when you retire until the month that you die. When you opt to take your CPP (at anytime after age 60) and your OAS (after age 65) they simply increase the total amount of pension income you receive every month.

The “integrated with government benefits” option will pay you more of your own AC pension money until your 65th birthday. This is an attempt to level off your total retirement income at a dollar value that is actually

higher than your Air Canada pension alone would provide. It assumes that you will not take your CPP and your OAS until you are 65. Rather than have to wait until then to get that “jump up” in income and allow you to enjoy some of that money at an earlier age, the plan will let you take more of your own money until you reach age 65. Then your “loan is called” and your monthly pension is actuarially reduced by an amount equal to the you “borrowed” from yourself. The idea being that your CPP and OAS will at least equal the reduction in your Air Canada pension, thereby keeping your total income more or less level before and after age 65.

Section 7.1(c) of the plan actually limits the amount of the increase to a dollar value equal to the maximum CPP and OAS that you would qualify for at age 65. The increase will equal either a full 2% pension benefit or the maximum CPP/OAS benefit payable to you at age 65, whichever is the lesser amount. This is to protect retirees from taking too much money up front and leaving themselves vulnerable after age 65. It is this limiting factor that actually gives this option its “integrated with government benefits” name.

This is a very important feature of our plan and is probably the biggest single decision retirees must make. I will continue talking about this topic next month in the March report. Email is the most effective way to reach me. I may be contacted at pres764@telus.net with any questions or concerns that you may have.

Respectfully Submitted,

Christopher Hiscock
Chairman, LL764 Pension Committee

Tech Ops Report

February 10, 2010

Arbitration Hearings: Arbitration hearings with Chief Arbitrator Martin Teplitsky were held on January 25th, 2009 in Toronto.

Tech Ops Mitigation Meetings: District 140 General Chairpersons and Shop Committee Representatives from Vancouver, Winnipeg, Montreal and Toronto met on January 26th & 27th, 2010 in Montreal and on February 4th, 2010 in Winnipeg. Currently the parties are meeting on February 9th & 10th, 2010 in Montreal to reconvene discussions pertaining to Air Canada and Aveos’s decision to layoff Bargaining Unit Members. The next meetings are scheduled for February 15th-17th, 2010 in Montreal.

Heavy Maintenance 2010 Vacations: Several categories within the Heavy Maintenance formation have commenced and concluded the vacation bidding process for 2010. It is expected that the remaining categories will commence the bidding process shortly. The Membership is encouraged to contact their Local Vacation Committee Representative should they have any immediate vacation issues. The Shop Committee has posted a bulletin pertaining to the upcoming Spring Break period. Any Member wishing to this time off is encouraged to review this bulletin.

2010 Seniority List Appeals: The Membership should be aware that the 2010 Seniority Lists have been posted and are open for review. The thirty (30) day appeal process concludes on February 24th,

United Airlines Report

This month marks the start of the Olympics, which has brought a great deal of extra work to YVR for this period. The Company greatly increased capacity for several flights through upgauging aircraft, in addition to the separate charter flights. To accommodate the need for extra manpower a separate month long bid took place which will run from February 7 to March 6. This saw several agents temporarily upgraded to full time for this period. It is anticipated and has been agreed by the Company that any YVR agents wanting full time who did not get it will be accommodated before outside staff are brought in, and that extra staffing will likely only be required for the two days at the end of the games.

There was a Union Management meeting Feb 3. Minutes should be available this week. Some of the issues raised were:
Keeping overtime totals current for this month. With the likely demand for overtime, the need to keep the totals current was expressed to provide the most equitable distribution of extra shifts.

Paycert guide. This is an outstanding item from previous meetings. The Company had committed to providing a comprehensive guide, and is still in the process of compiling it.

The Company wants to know immediately when there are injuries that will likely involve lost time and when there are equipment damages. If there is no supervisor on shift for an incident, they still want notification. It was suggested they communicate this to the membership by enote and postings in ops.

A current Lead list was requested. The Company had expressed a desire to revisit the Lead Program

late last year, and after a great deal of input and discussion decided to retain the current Leads and make no changes. Agents who expressed interest in becoming leads will be considered, but it is likely this will not happen until next month at the earliest.

It appears most of the Standard Work training has been completed. The trainer from WHQ returned to YVR last week to check the progress of the program. Some audits have been done on employees engaged in standard work, although it is still not clear the ultimate disposition of these audits. So far they are not being kept in personnel files, and are purportedly to be used only to ensure SW is being done and not for discipline.

At Management's afternoon Olympic briefing Feb. 6 concerns were raised about the agents assigned to work offsite check in Feb 28 and Mar 1. The Company has assured that adequate food, water and facilities will be available at all three remote check in sites and that transport to and from those work assignments will be provided. Any agent assigned to work off site who has questions should see a shop steward and a supervisor.

All agents are reminded to keep Safety in mind, for the next month and always. Many of the bags being handled, particularly for teams and the media, will be heavy, awkward or both, and the sheer volume of bags and passengers for this period presents a significant challenge.

Have a safe Olympics!
In solidarity,
Janet Andrews

Next General Meeting

Mar 10, 2009

5 PM

**7980 River Road
Richmond, B.C.**



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