

BULLETIN

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*

TO ALL MEMBERS OF THE IAMAW WORKING FOR AIR CANADA AND AVEOS

Arbitration Hearing on the CF34-10 Engines

Dear brothers and sisters:

An arbitration hearing on the subcontracting of the CF34-10 engines took place in Toronto last Thursday, February 2.

In his arbitration decision issued the following day (see the next pages), arbitrator Martin Teplitsky allows Air Canada to contract out the engines but imposes certain terms, including the following: If Aveos does not renew its engine contract with Air Canada and does not invest in the necessary equipment to do the maintenance work, it will have to pay a penalty of \$50,000 per engine until the end of its contract.

If Aveos chooses not to invest in the equipment required to perform the maintenance of the CF34-10 engines (the future of the EMC) and if, in addition, it is willing to pay a penalty of \$50,000 per engine to avoid doing this work, it will be very clear to us that the sale of the Air Canada maintenance division to Aveos was only a façade enabling Air Canada to get rid of this work and send it outside the country.

Should this be the case, we must stand together even more and urge our politicians at the municipal, provincial and federal levels to do what's needed to prevent the exodus of our jobs for the benefit of cash-hungry shareholders.

In solidarity,

Jean Poirier
General Chairperson, Eastern Region

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IN THE MATTER OF AN ARBITRATION

B E T W E E N :

AIR CANADA

- and -

AVEOS

- and -

IAMAW

Subcontracting of GE CF34-10 Engine Overhaul

MARTIN TEPLITSKY, Q.C.
Arbitrator

APPEARANCES:

On behalf of Air Canada: Andrea Zaffaroni

On behalf of Aveos: Denis Villeneuve

**On behalf of IAMAW: Tony Didoshak
Jean Poirier**

Hearing held February 2, 2012

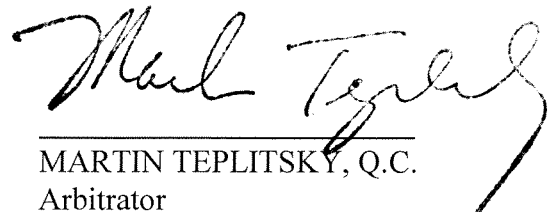
Aveos seeks the contracting out of CF34-10 engines. Until the expiry of its engine contract in 2013 Aveos will not invest in the tooling or test cell necessary to complete overhaul of this engine. Accordingly, I allow the contracting out of all CF34-10 engines until the end of the current contract but I impose terms.

These terms are imposed because this work was part of Aveos' contract with Air Canada; representations were made in support of other contracting out issues that these would be performed at Aveos. Yet, there is no evidence that at any time Aveos took any steps to put itself into a position to perform this work. The terms are as follows:

1. The employer will incur provisional penalty of \$50,000.00 per engine contracted out until the end of its contract. However, the penalty will not be payable if the engine contract with Air Canada is renewed and if upon its renewal, Aveos invests in the tooling and cell and all other equipment necessary to perform this work.
2. The impact of this contracting out on layoff of employees is referred to the Gannt Committee to consider in light of Article 20.07.08. I remain seized.

It would be advisable, although I do not order it, for Aveos to consult with the Union on the RFP for engines. If issues of confidentiality pose a hindrance to consultation, I am prepared to consider an order relieving Aveos on appropriate terms, of any restrictions it may currently have, Air Canada, of course, must be advised of such an application. I remain seized.

DATED the 3rd day of February, 2012.


MARTIN TEPLITSKY, Q.C.
Arbitrator