

Oct 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 Report

Question: How can you tell that your contract is expiring soon and Collective Bargaining is about to get under way?

Answer: Your employer suddenly takes an unusual and overarching interest in what you are thinking and how you feel about them.

Air Canada has suddenly taken an interest in its employee's feelings toward them and has contracted an opinion survey company to conduct a random sampling of their minions employees. It's sort of like when you were a teenager and the person you broke up with got their best friend to phone you on a false pretense to find out if you still loved them. The last time Air Canada was interested enough in their employees to ask them how they felt about the way they were treated was in 2008 in the lead up to the last round of bargaining. This on again off again romance must just be a coincidence. A psychologist might say they have commitment issues.

I received a call from the survey company in the 3rd week of September asking me to complete a 20 minute survey about Air Canada. I declined to participate. Whether or not you chose to participate is entirely up to you. If you do take that 20 minutes then I encourage you to be courteous and do not hesitate to honestly tell the employer's best friend exactly how you feel about them, their labour relations methods, the way they treat their sick and disabled employees or any other topics you might want to bring to their attention.

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Air Canada will undoubtedly be using the information they compile from this survey to help shape their strategies and tailor their wish list at the bargaining table in April. Be sure to let them know exactly what changes you expect from them in April. If you are indeed "Mad as hell and you're not going to take this anymore!" then take this opportunity to let them know; politely but firmly.

In another forum Air Canada is currently before the *Canadian Industrial Relations Board* telling the *Board* how they no longer want to employ nearly 4000 of their Technical, Maintenance and Operational Support employees. They want to send them off to Aveos Fleet Performance Inc. with nothing more than a handshake. Not even a "Thank you" for their last 7 years of financial sacrifice to help enrich the Executive bonus packages keep Air Canada flying.

Air Canada likes to portray this spinoff as merely a sale of business. A commercial fait accompli. Yet while all that may or may not be true, Air Canada remains Aveos' single biggest customer. They have an ownership stake in Aveos and most importantly; they have the ability to singlehandedly ensure the continued employment and financial wellbeing of this group of employees. They merely have to pick up a telephone and call Aveos and inform them that it is Air Canada's intention to demonstrate this newly espoused love for their employees.

How would that phone call do all of that you ask? Very simply put, Air Canada merely has to tell Aveos Fleet Performance Inc. that they are so impressed by the quality of the on time maintenance they routinely receive on their airplanes that it is Air Canada's intention to extend their Service Level Agreement with Aveos for an additional 5 years to 2018. A longer agreement would certainly be a great demonstration of commitment to their long suffering employees but all new relationships have to start with baby steps.

Christopher Hiscock
President,
Canadian Airways Lodge 764

Photo on front page

Sister Fran Manhard (left), and Brother Dave Mayes (center), receive a retirement watch from President Chris Hiscock, for their long service to the Local Lodge. The presentation was made at the October 13 Regular Meeting.

Sister Manhard served as Financial Secretary of Clerical LL2749, Negotiations Representative for Clerical, and Board Member LL764 (Clerical) until their Lodge was merged with LL764.

Brother Mayes was an active Member and served on the Executive as the Chief Shop Steward, Conductor/Sentinel, and numerous Committees of LL764.

The President, on behalf of the Regular Meeting and the Membership, wished both recipients a long and happy retirement, and thanked them for their dedication to the Local Lodge.

IAM 2010 Photo Contest

Second Place - A Misty Morning Departure

Peter Ng, Local Lodge 764, Air Canada, Richmond, BC
Jazz ground crew members Peter Richardson and Dean Storey dispatch a Dash 8 aircraft at Vancouver Airport.

To see Peter's picture full size and in colour, go to:
<http://www.goiam.org/publications/campaigns/2010PhotoContestWinners/>



The Death of Mexicana

For those of you who have been following transportation news in periodicals and websites, or through the travel sections of the major newspapers, the bankruptcy of Mexico's national carrier, Mexicana, was another sad day for the air transport world in general, and its unionized workers in particular.



In August 28, 2010, Mexicana, after yet another unsuccessful privatization offering, and desperate attempts by the current owners to extract wage concessions from the pilots and flight attendants of the airline, ceased its operations worldwide, which grounded upwards of seventy aircraft at Mexico City. The bankruptcy also included its commuter operation Mexicana Link, and its low cost travel arm, MexicanaClick. To date, efforts to resuscitate the entire airline have been unsuccessful, but some routes are being operated (LAX – MEX, for example) to honour bookings already paid for.

A private enterprise company was started on July 12, 1921 by two American entrepreneurs, Harry Lawson and L.A. Winship. The two partners obtained a charter from the Mexican Government to operate an air service from Mexico City to Tampico, on the Gulf of Mexico, providing support to oil companies and their workers in the area. The company was later named Mexicana.

Lawson and Winship grew the company through several mergers and acquisitions of smaller Mexican air carrier startups. Their activities soon attracted the attention of Juan Trippe, the legendary chairman of Pan American World Airways (PAA), who purchased a majority position (58%) in

Mexicana for PAA in February 1929.

Under the Pan American umbrella, Mexicana grew slowly but profitably, providing connection service and passenger feed to and from Mexico through the Pan Am hub at Miami. In 1934, another free enterprise Mexican air transport company, AeroMexico, also began scheduled services throughout Mexico, in competition with Mexicana. Juan Trippe bought a 25% share of that company for Pan Am during the Second World War.

Amazingly, this could also be an article, to a lesser degree, on the other major Mexican airline, Aeromexico. Both airlines have been intertwined historically (through Pan Am), financially (through several Mexican government mergers, bailouts and privatizations), and politically (through various abortive Mexican government efforts to support two national carriers in Mexican air transport) since 1959.

Mexicana operated multi-leg flights throughout Mexico and to other Caribbean points, first with early propeller aircraft (Fairchild and Ford Tri-Motor, amongst others) and graduated to larger piston-prop aircraft from the Douglas Aircraft Company (DC3 through to the DC7) through the 1940's and 1950's. In 1960, Mexicana operated the newly-introduced jet turbine Dehavilland Comet for a short while, as a backstop for Pan American, who was then testing the new Boeing 707 for commercial use.

The Comets were later sold to Aeromexico. Not long after that, the Comets disappeared entirely from the commercial aviation scene, when serious structural design flaws were uncovered.

From 1966 until 2003, Mexicana established a long business relationship with the Boeing Aircraft Company, making the B727-200 series aircraft in various models the mainstay of its fleet. For almost forty years, the airline possessed the largest fleet of B727's¹ outside of the United States, finally retiring the last ones in 2003².

However, Mexicana did not entirely abandon competitor

McDonnell-Douglas. Mexicana Cargo operated a DC8 Jet Trader in 1980 for a short while, and three DC10-15 aircraft were in Mexicana long haul passenger service to Europe and Argentina from 1981 until the mid 1990's.

Mexicana operated as a "captured investment" of Pan American Airways until 1982. When Mexican air transport interests became political, the Mexican Government purchased the majority of Mexicana stock and assumed control of the airline. Seven years later, in 1989, the Mexican Government sold its majority share and Mexicana returned to being a private enterprise company.

In the mid-1990's, the devaluation of the Mexican peso hit both Mexicana and Aeromexico hard, and required another rescue of both airlines by the Mexican Government. The government bought up the common stock of both companies and merged the two airlines. After 1995, both airlines were operated under a government-controlled corporation called CINTRA. The merged airlines under CINTRA became part of the Star Alliance in 2001, and then dropped out in 2004 after the bankruptcy of United Airlines (its original sponsor). Since 2005, the One World Alliance³ has been courting the two airlines through sponsor Iberia.

The two airlines were to remain merged until 2005, when Mexicana was again privatized as a separate entity, after an extensive route rationalization and fleet renewal. Mexicana became part of the Oneworld Alliance in November 2009. Aeromexico was privatized in 2009, purchased by a major Mexican bank, but became part of the Skyteam Alliance.

In 1991, Mexicana began its fleet renewal with a mixture of Airbus A318, A319 and A320 aircraft, supplemented with Boeing 757 and 767-200 and -300 aircraft for long haul routes. Most of the B727's were retired by 1993, the DC10-15's by 1996, and the B757's replaced with B767-3P6(ER)'s by 2006. In 2008, Mexicana put two A330-243 aircraft into service on its cash cow Mexico City – Madrid route.

Mexicana, like all other airlines, was hit hard by the terrorist attacks of September 11, and then suffered another blow in 2009 when the H1N1 virus (swine flu) turned most of the

tourist hotels and beaches along both Mexican coasts into ghost towns.

When bankruptcy rumours began to circulate, Air Canada, as a lessor of A319⁴ aircraft to Mexicana, moved quickly to seize two of its aircraft, when it became known that the Mexicana pilots and flight attendants Union had rejected massive wage concessions as a way of reducing operating costs to keep the airline operating.

The Union's stand faced little argument from the national government or press, or the Mexican public, once the private investors' actions were revealed. Profitable Mexicana assets, like catering, ground servicing, and maintenance services, had been stripped off from the company and sold, leaving a debt-ridden corporate shell.

This circumstance can clearly be laid at the feet of the Mexican Government.

Governmental authorities have repeatedly fumbled the ball with its air transport policy. First it tried to foster two free enterprise airlines in Mexico. With that policy, both airlines ended up under government protection. Then the government tried to sell Mexicana and Aeromexico together in the free enterprise market to the highest bidder, hoping for a healthy profit.

When that failed, the Mexican Government offered the two airlines for sale separately.

An offer from Iberia was received. The Spanish carrier's handling of their investment in the Venezuelan airline Viasa was reviewed. Under Iberia ownership, Viasa was stripped of its assets and left to go bankrupt in 1997. The Mexican Government took very little time to reject the Iberia offer.

Later, the terms were modified again by the government, offering the two airlines separately, but without their feeder networks, allegedly to preserve domestic competition and policy.

Under these terms, Mexicana was finally privatized in November 2005.

The privatization did not benefit Mexicana, its employees, or the Mexican Government. The new owners, Grupos Posadas, a hotel chain, outsourced much of what was profitable in the company (reservations support, regional flights, ground and maintenance services), and left a debt-ridden corporate shell to fend for itself.

The shell was re-incorporated as Nuevo Grupo Aeronautico. The new company had to face increased competition from foreign airlines, and aggressive low-cost Mexican carriers like Volaris and InterJet.

The privatization became even more of a shambles because the other national carrier, Aeromexico, continued to operate under a government protection umbrella, until it was finally sold, four years later, to a major Mexican bank, in 2009.

Aeromexico became a separate consideration by the Government for privatization because it (Aeromexico) chose to operate in different international markets, compared to Mexicana. For example – Aeromexico operates Mexico City – Tijuana – Beijing and offers charter flights to South Africa, while Mexicana's focus was on North America and Europe.

The vacuum that was left by the collapse of Mexicana has been quickly filled by the competition, with the immediate winners being British Airways for United Kingdom routes, Air Canada for service to and from the Great White North, and American Airlines, quickly filling the void for its One World bankrupt brother from all points in the United States.

British Airways now enjoys a monopoly on the London – Mexico City route from Heathrow, while Air Canada has announced a *Vancouver – Mexico City weekend service starting November 01, 2010 with an increase to daily service on December 01 with A319 aircraft.*

American immediately increased flight frequency on every profitable route to and from the United States and Mexico to

capture the remainder of Mexicana's market share.

The winners have been the large airline alliances who have protected and expanded their market presence.

The losers, or course, as always, and as we well know, are the long serving, dedicated, and well respected, Mexicana employees - along with - the people and the Government of Mexico.

Mexico just lost a large part of its ability to control its national air transport destiny and future.

Footnotes:

1. Two former CPAir B727-117 aircraft leased in 1970 from National Aircraft Leasing Los Angeles were to make their way to the Mexicana fleet. C-FCPK (fin 722) and C-FCUS (fin 724) were returned to the lessor by CPAir in May of 1977 and picked up by Mexicana in June of the same year.

2. Seven Mexicana B727-264 Advanced aircraft were bought by the Mexican Government from 2002 to 2003, as troop transports for the Mexican Air Force (3) and the Mexican Police (4).

3. Several Snagsheet articles have referenced the major airline Alliances (Star, Oneworld, and Skyteam), the most recent being the September 2010 issue. Central and South America have emerged as "continents in play" for the Alliances, with South America's LAN Chile (Oneworld) buying TAM (Star) of Brazil, and the collapse of Mexicana leaving much of Central America now loosely unaffiliated. The global equation continues to change with Japan Airlines (Oneworld) in bankruptcy in 2009, and the United Airlines/Continental merger (Star) affecting COPA Airlines, the Panamanian carrier and a Continental affiliate. Aeromexico is currently a Skyteam member.

4. Records show that Air Canada had four A319 aircraft on lease to Mexicana – C-GIIT (fin 288), C-GJTA (fin 290), C-GJVY (fin 292), and C-GKNW (fin 295). Two were reportedly seized by the airline in Calgary when Mexicana declared bankruptcy. The reasons for this, along with more details on Leasing companies and seizure of aircraft were provided in an article published in the December 2008 Snagsheet.



David Varnes,
ST LL764 and
Chair, History Committee

MTU-C Report

Policy Complaints:

-Process Planer/DC duties (step one)

Personal/Group Grievances

-Dismissal (step three)

-Removal of SCA (step three)

Since October of 2009 MTU Canada has overhauled and returned 22 engines to USAF. Currently we have inducted 30 with more on the way. The projection for staffing is 250 employees by the end of 2011 and 300 by the end of 2012. Currently we are at 244.

The employer is currently seeking individuals for the following positions:

- Machinist Mechanic
- GTE Mechanic
- Accessory Mechanic

The benefit review has been concluded with Manulife providing all the necessary information requested. The Union is currently waiting on HR to present the information to Accounting and the CEO for approval.

Unionized Members are reminded that when presenting feedback to the Employer regarding probationary individuals that they are to provide facts only. Stay away from rumours and personality concerns. Feedback should be limited to the individuals' ability to perform the job and not based on character or personality traits. Furthermore Unionized Members should be discouraged from putting any feedback in writing.

Preliminary discussions between the Company and the Union have started regarding the start up of a weekend crew. The Union has asked the Employer to provide a proposal.

For those who are interested in any of the above mentioned positions please contact the undersigned.

cssmtu@telus.net or 604 992 4489

In Solidarity,
Neil Carter
Senior Steward

Airports/Cargo Report

Ramp and CSA Winter Shifts have been completed and bidding will commence Oct, 15, 2010 for the CSA'S and Oct 18, 2010 for the Stats. The implementation date is Oct 31; 2010. The Shop Committee thanks both Shift Committees for their work on these.

Cabins Winter shifts are at an impasse and a 5/2 shift has been posted by the Company.

Cargo shifts are currently being worked on with the Shift Committee, anticipated implementation date is Nov 07, 2010.

The LOU 5 Cargo to Ramp transfer is in process, we hope to have all names in order for them to bid with their respective Seniority.

2011 Vacation agreements have not been achieved yet; we should be able to complete this in the next couple weeks.

We have submitted the Shop Stewards names of those that expressed an interest in attending the LOU 4 Interview process. The date has not been scheduled as of yet.

The Shop Committee has requested that a Shop Steward be present in all Return to Work Meetings. It is important that the Steward takes detailed notes and forward these to the Shop Committee to ensure that jobs are being offered fairly to all.

There is a Promo for a LCSCA that close on Oct 13, 2010.

There is a LOU 4 Interview process for LCSA; any CSA that wishes to have this interview to fill relief vacancies must submit a memo to Roland Ruel by Oct 18, 2010.

Craig Chard
Shop Committee Chair

Steve Prinz
Shop Committee Member

Tech-Ops Report

Canadian Industrial Relations Board (CIRB): District Lodge 140 General Chairmen, Local Lodge Presidents and Shop Committee Chairs from across the system attended open CIRB hearings on September 29th, 2010 in Toronto as a result of Air Canada and Aveos filing a joint application to split the current certification. Additional hearings were held on October 4th – 6th, 2010 in Ottawa. Further hearing dates have been scheduled for late November in Ottawa to hear further submissions from the Union and the Companies. The Membership is encouraged to monitor Local Bulletin Boards as well as the Local Lodge and District Lodge web sites for updates.

Transition Update Meeting: District Lodge 140 General Chairmen, Local Lodge Presidents and Shop Committee Chairs from across the system met in Toronto on September 15th, 2010 to receive an update regarding the current Air Canada/Aveos transition.

UMCM: Due to the to the CIRB hearings in Toronto, the UMCM that was scheduled to be held in Vancouver on September 28th - 30th, 2010 has been rescheduled for November 3rd – 4th, 2010 in Vancouver.

Gantt Meetings: The Company and the Union are tentatively scheduled to meet on October 20th, 2010 in Toronto to review the Line Maintenance and Heavy Maintenance schedules.

YVR Heavy Maintenance Recalls: Local Heavy Maintenance Management has commenced the recall process for approximately ninety – seven (97) members to support the Third Line of maintenance which is expected to be fully up and running around the end of this month. Any member needing to know the status of recalls for their category are encouraged to contact the Shop Committee Office.

Line Maintenance Shifts and 2010 Vacations: The Shop Committee along with Line Maintenance Shop Stewards/

Representatives met on September 30th, 2010 to review the Company's request for amendments to the current Shift and Vacation Agreements. The Shop Committee will keep the Membership up to date regarding these ongoing discussions.

Ground Support Equipment (GSE) Shifts: The Shop Committee is currently in the process of establishing a Local Shift Committee as a result of Local GSE Managements notice to amend the current Shift Agreements affecting Category's 14, 23, 24 and 30.

Tech Ops Retirements: The Shop Committee would like to congratulate the following Members; John Wolthuizen– Category 13 and Al Fandrey – Stockkeeper who retired on October 1st, 2010. The Shop Committee would like to wish them a long, happy and healthy retirement. The Shop Committee also requests the assistance of all Shop Stewards in notifying the Shop Committee of any Member considering retirement.

Joe Toth, L/L 764, Tech Ops Chair

Glenn Cooper, L/L 764, Tech Ops Member

Glenn Girard, L/L 764, Tech Ops Member



Toy Drive

We are collecting toys for needy children, if you would like to contribute please bring one to the next General Meeting (Nov 10) or drop off at the Union hall (phone first). Thank-you!

Next General Meeting

Nov 10, 2010

5 PM

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



WE'RE ON THE WEB!
WWW.IAM764.CA

IN MEMORIAM
BROTHER
GERALD MORRISON

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