

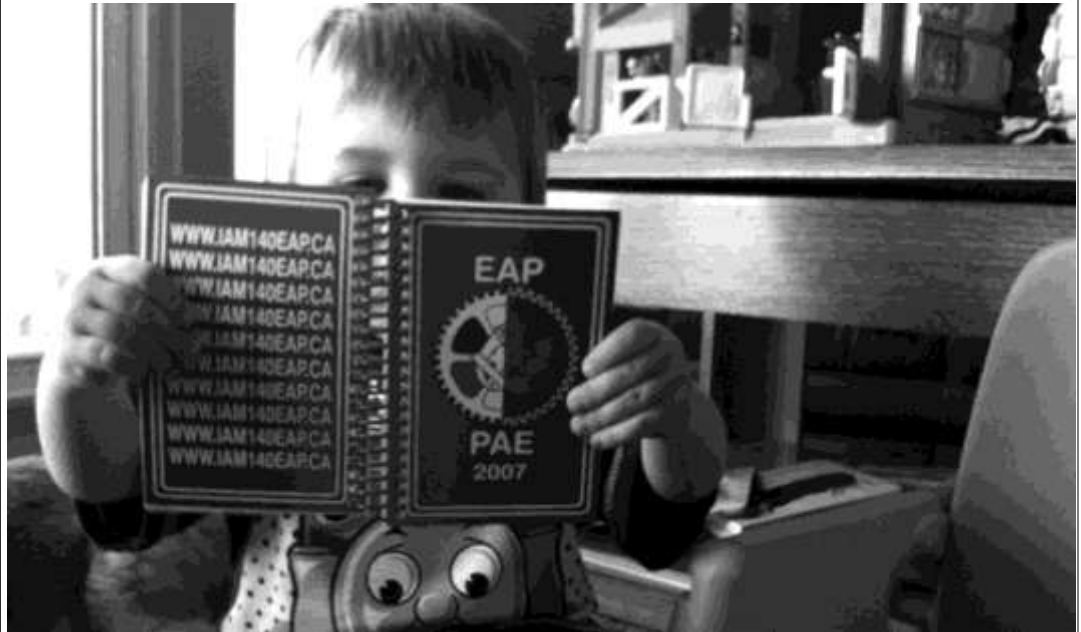
Sept 2010

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

I hope that all of you were able to get at least a little time away from work during the summer peak period and enjoy yourself and your families. As most of us are back at work now in the fall you will start to notice an increase in the activities of the Company and the Union.

For our members in the TMOS bargaining group the Aveos transition issues will start to pick up steam as the parties begin their hearings before the CIRB in the last week of September. We will keep you advised of the status of the proceedings as we get that information.

All three of our employer groups at LL764 are heading into collective bargaining in 2011; Air Canada in March, UAL in April and MTU in November. The negotiating committee members for all 3 employers have been selected and will be going to the IAM & AW training facility at Placid Harbor November 26 to December 3 for collective bargaining training.

Nominations will be held in October for all of the Local Lodge 764 Executive positions the UAL, MTU and AC Clerical Senior Stewards and the AC Tech Ops and Airports Shop Committees. Elections will be held in November and the 3 year term of office for all positions will be effective January 1, 2011.

Please visit our website www.iam764.ca and watch our bulletin boards frequently for information and updates on all of these issues in the coming months. I also continue to invite you to come out

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and attend one of our monthly General meetings which are held at 1700 on the 2nd Wednesday of every month. That is where the business of the Local is transacted. The decisions about what we do and how we do it are made at those meetings by the members in attendance. Please be one of them.

During July and August, the Building Committee has completed a renovation of the Main meeting hall and made quite a few improvements. We have upgraded the lighting, air quality and ventilation, installed a new PA system and made the hall a much cleaner and user friendly facility. Our Retiree's were the first group to use the newly renovated hall for their monthly meeting on September 1. Our General meeting on September 8 was the 2nd group to use it. I hope that those of you who took the time and made the effort to attend those meetings liked what you saw.

A huge thank you must go to Dan Cooke, Chairman of the Building Committee as well as David Varnes, Steve Daeschel, Mike Sanghera and Wes Sim for all of their efforts over the last 2 months in helping to get all of this work completed.

You will also notice that almost all of the furniture in the Lodge offices has been replaced. Thank you to Neil Carter for convincing MTU that LL764 would be a much better destination for their used office furniture than the Burn's Bog landfill. We appreciate their generosity.

Christopher Hiscock
President,
Canadian Airways Lodge 764

Mergers, Acquisitions, Alliances and Iberia

Iberia, the national airline of Spain, has one of the longer histories in European civil aviation. Founded in June 1927, Iberia commenced operations from Madrid and Barcelona with Spanish financing and German (Lufthansa) help. When Spanish politics changed from a monarchy to dictatorship and then Franco's



Fascism, Iberia was nationalized in 1944 and remained so until 2001, when it was privatized. Today, Iberia is a legacy airline with an all-Airbus 116 aircraft fleet, from A-319 to A-340-600 models, regular quarterly dividends, and a dominant route structure to Spanish-speaking destinations around the world, with a strong focus on South America.

Iberia's growth was slow until the Pact of Madrid in 1953 allowed American visitors to travel to Spain without a visa, and improved again in 1954 when ICAO (International Civil Aviation Organization) liberalized the rules for charter flights, which benefited Spain. Over the years, Iberia's capital was invested in other air carriers which strengthened its market control. In addition to its purchase of a major share of Spanish charter operator Vueling Airline (45.8%) and a very small holding (0.95%) in Royal Air Maroc, Iberia also made investments in South American airlines Aerolineas Argentinas (Argentina), Ladeco (Chile), until all its shares were purchased and the airline was absorbed by LanChile in 1994, and Viasa (Venezuela) until that airline went bankrupt in 1997.

Many of us who are careful observers of the air transport world have noted the slow evolution of the “legacy carriers” from “stand-alone” enterprises to members of “alliances”. Today, the alliances - Star, Oneworld, and SkyTeam - dominate the world of air transport. Not only are the legacy carriers (and many newer start-ups) grouping into alliances, but also, the alliance members themselves are increasing their economic power by creating “super-carriers” within their own groups.

In North America, the newest economic powerhouse to emerge has been United Air Lines and Continental (both Star members). They will create a huge American carrier with over 690 mainline and intercontinental aircraft in its fleet, and a further 500 regional aircraft, either directly operated, or under contract from a third party.

In the European sector, the most visible combination has been the Air France-KLM merger (Skyteam). In response, Lufthansa (Star) was successful in bidding for and acquiring the assets of cash-strapped Swiss International, and later, Austrian Airlines, who kept their identities, but were folded into the German network. Most recently, the South American airlines have joined the parade, with Brazil’s TAM (Star) and Chile’s LAN (Oneworld) announcing a merger, which will make them the largest air carrier¹ in the Southern hemisphere.

In the early 1990’s, Iberia and British Airways began discussions on a merger. Following Iberia’s privatization in 2001, British Airways purchased a 10% stake in the airline, and secured first refusal rights on a further 32% of the outstanding shares. After twenty years of discussions and governmental assessments by Great Britain, Spain, and the European Union, Iberia and British Airways (Oneworld) are set to merge in 2010, creating the world’s third largest airline in terms of revenue.

Some of the delay for this merger was due to Iberia, who experienced heavy financial losses in the 1990’s, and had to

privatize, and restructure its operation (sound familiar?) to return to profitability.

Iberia’s financial problems in the 1990’s benefited Air Canada. Iberia was unable to take up its two early delivery positions on the first of the then-new A340 long haul aircraft, and Air Canada, with much later delivery slots for ten aircraft², was eager to get some experience with this type. Air Canada achieved early acquisition of these two Iberia A340 aircraft (fins 981 and 982³) when Iberia was unable to secure the delivery financing. As documented previously in the Snag-sheet, Air Canada’s first experiences with the A340 on the Vancouver – Korea run included some very hard lessons. However, the knowledge gained from these hard lessons paved the way for a much smoother introduction of the remaining aircraft on order.

Iberia is set to merge with British Airways later this year, with the two companies operating under their current logos and identities, but with a new holding company, International Airlines Group, controlling the business direction.

And business control is what Iberia is all about. Iberia is everywhere on the Spanish mainland and its vacation islands. Its national presence includes ground handling and computer services at all major Spanish airports, and an airline catering arm that provides for all major and charter carriers. Iberia also supplies maintenance and overhaul functions to itself and sixty-eight other customers.

The investors at Iberia have clearly decided that, as the three alliances (Star, Oneworld, and Skyteam) “gobble up the smaller fry” in their quest for market supremacy, their airline is going to be one of the survivors from this international air transport feeding frenzy.

So let there be no doubt in your mind. Control is the final objective of the three alliances. Nationally. Internationally. And ultimately, globally.

The Iberia investors are not planning to be left behind in any of these settings.

Footnotes:

1. *TAM Brazil just recently joined Star Alliance. LAN has operations in Chile, Peru, Ecuador and Argentina and is part of Oneworld. Observers are watching closely to see how the conflict between the alliances will be sorted out. Both alliances want to maintain a strong foothold in South America account encouraging economic forecasts for travel growth from this continent in the future.*

2. *Two of these aircraft, fins 907 and 908, were later turned over to Air Jamaica after initial use by Air Canada*

3. *Both fins 981 (C-FTNQ) and 982 (C-FTNP) were A340-313 models that were scheduled to be returned to the lessor in 2002 and then leased to British West Indies Airways (BWIA). BWIA, for financial reasons, was only able to lease one aircraft - Fin 982 (C-FTNP). Fin 981 (C-FTNQ) returned to the Air Canada fleet under a more favourable lease until 2007, suffered major damage in a towing accident at Vancouver, was repaired, returned to the lessor, and was then leased in 2008 to Spanish operator Audeli Air Express who provide wet lease charters to Iberia Airlines. Fins 981, 982, 901 and 902 of the Air Canada fleet were not the extended range models of the A340-313, which had a tail fuel tank, and were designated as the A340-313(X).*



David Varnes,
ST LL764
and Chair,
History Committee

Pension Report

The PBSA and Section 16.7 b) of the Plan Text require that every member of the pension plan receive an annual statement that must tell you, at a minimum, the pension benefit that you would be entitled to, the value of your accumulated contributions and the funded ratio of the Plan as at 31 December of that year,. These statements are sent out the following June.

The **first page** contains a self explanatory letter from Kevin Howlett, Senior VP Employee Relations. The Pension Department falls under his jurisdiction and as such it is his duty to ensure that you get your statement.

The top of **page 2** contains your **Personal data**. Make sure that it is accurate as it reflects the data that the company has on file for you as of that date. The sooner you correct any mistakes the better. The salary figures, qualifying service and accumulated contributions reflect the amount you have as at 31 December of that year. The interest rate quoted is the 5 year Canadian Bank rate as required by law. It does not reflect the actual investment income earned by your contributions in the Master Trust Fund. That has ranged anywhere from 10 – 15% in the last 4 years. The bottom of page 2 explains the assumptions that have been made in the pension projections contained on page 3 and their legal obligations under the PBSA and the Text.

Page 3 is the page that most people are interested in. Your normal retirement date is the first day of the month following your 65th birthday. The **Accumulated pension** value shown reflects the pension you would receive on that date based upon your contributions to the end of that year. (I.e. as if you had quit the company and never worked another day). The **Projected pension** portion shows 3 dates and your respective age, years of service and estimated pension benefit on each of them. (The assumptions for these estimates are described in the box at the bottom of page 2). The first date is the first day of the month after which you reach 80 points age + service. This eliminates the penalty associated with retiring

before that date. The second is the earliest date on which you can retire without any reduction penalty. That is the first day of the month after which you have both reached 80 points and age 55. The third date is your normal retirement date (age 65). The difference between this value and the one above in the accumulated pension section is that this estimate assumes that you continue working until age 65, which is why this figure should be considerably higher than the accumulated normal retirement pension value. The 2 statements on page 3 are explanations of plan rules with respect to disability and death before retirement. The disability statement says that while off on WCB or GDIP, you are not required to make any pension contributions but you are given full credit for that time as pensionable service.

Page 4 explains the rules concerning the death of the retiree while in receipt of a pension. The second portion of page 4 is the company's requirement to inform you of the financial status of the Plan. It concisely explains the net effect of the Pension agreement signed by all 5 Unions in 2009. It also tells you that the plan was 75% funded with a solvency deficit of \$223.7M in the case of the ex-CAIL plan. It must be noted that while the priority payout provisions listed are in the ex-CAIL Plan text, there is every likelihood that they would not stand up to a legal challenge. In fact the BC Financial Superintendent has notified provincially regulated plans to review any such language in their texts with an eye to changing it to a straight equal % as is the case for all AC Plans.

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, LL 764 Pension Committee

United Airlines Report

The fall bid commenced on September 5. It will likely run until January; however Management has advised that there is a reduction in manpower allotments for November. The Union has suggested offering 1 month leaves to mitigate the need for layoffs. Another bid for such a short period would be unnecessarily disruptive to the Membership, and the large number of relief agents give the schedule certain flexibility.

A grievance was put in for the summer reduction in Hday on the weekends. Management did meet with the Union but were unable, even with having had the ability to offer 2 leave of absences for the summer, to make any real commitment to review this policy. The question of the Company's ability to meet its Hday liability for 2010 has been raised, and while there is the possibility of extra Hdays on the weekends in the fall with the large number of relief agents available for coverage, there has been no firm commitment to which days might actually be available.

Elections for the 2011 Negotiations committee will be held September 22. There are seven nominees for 3 positions. The list of Nominees and current information are posted on the Union board in Ops.

The proposed merger with Continental passed the DOJ hearings in the US. With this approval will come increased activity towards merging the two Companies into one. Further information is available at www.goiam.org, click on Merger Watch.

With the increased level of scrutiny Companywide during the merger, there is the issue of accountability for delays, mishandled bags, and other problems. It is Management's job to account for these things, and in doing so may ques-

tion Members on particular circumstances. However, there will be ABSOLUTELY NO tolerance of abusive or aggressive tactics by Management, and Members are reminded it is their right to have a shop steward witness any meeting with Management, and to terminate any meeting where they are feeling harassed or intimidated.

Management has advised that they will be reintroducing the PDT request approval process. Employees will be advised in advance whether a PDT is approved or not, and Members are reminded a PDT may be declined if the agent covering the shift does not possess the necessary qualifications to do the work.

Over the summer Management did monitor overtime assignments for minimum rest as they had proposed. Paying attention to the amount of work assigned to any one individual provides for a safer workplace for all.

The issue of cell phone use and texting, particularly during active ramp operations, has been raised to the safety committee and to Management, who responded with an enote.

There will be a Union Management meeting Fri. Sept. 17. Please bring you concerns to a Shop Steward.

In Solidarity,
Janet Andrews
Senior Steward UAL

Airports/Cargo Report

SEPT 08, 2010

The Shop Committee has filed a Grievance on the Jazz staffing component. We are awaiting a Company response on this Grievance.

As a result of Grievance settlements we were able to get Brother Rupe Aulakh time released to assist the office in our review of assignments for the last 90 days. The Shop Committee will present this review to the Company at our next workshop.

The 2010 Airport Shift Committees will be starting on the 2010 Winter shifts soon. The Company has been reviewing the requirements and is close to presenting it to the Committees.

The Shop Committee will be finalizing 2011 Vacation Agreements for all Classifications in the near future.

Members are reminded to submit any denied claims for FAF Forms to the Shop Committee.

The next scheduled Arbitrations are Sept 15, 2010 in YYZ.

The next UMCM is Sept 28, 2010 in YVR with the National Shop Committee meeting scheduled for Sept 27, 2010.

The Shop Committee sends it's condolences to the family and friends of Brother Sheldon Rueker who passed away on Aug 02, 2010.

Congratulations on their retirement: Brothers Jerry Albina, Garth McCormack, Henry Reyes, Dennis Ruscheinsky, Brian Seay, Dean Storey.

Craig Chard	Steve Prinz
Shop Committee Chair	Shop Committee Member

Tech Ops Report

September 8, 2010

Arbitration Hearings: The Union and the Company met before Chief Arbitrator Martin Teplitsky in Toronto on August 16, 2010 in Toronto and again on August 23, 2010 in Montreal to arbitrate Third Level Grievances.

Line Maintenance Gantt Meeting: District 140 General Chairpersons and Shop Committee Representatives from across the system met on August 11, 2010 in Toronto to review the aircraft maintenance schedule within the Line Maintenance operation.

CIRB Application: Both Air Canada and Aveos have filed an application with the Canadian Industrial Relations Board (CIRB) asking the Board to split the current certification. To date, the Board has not issued a ruling and the “74 day clock” does not start until the Board decides to grant the employer’s request.

Transition Meetings: The next Transition meeting is scheduled to be held in Toronto on September 15, 2010. The Local Lodge Presidents along with the Shop Committee chairs are expected to be in attendance along with DL140 representatives.

UMCM: The next UMCM is scheduled to be held in Vancouver on September 28, 29 and 30, 2010.

Third Line of Heavy Maintenance in YVR: The Shop Committee has been advised that Heavy Maintenance will, once again, resume three (3) lines of heavy maintenance within the North Hangar; one (1) narrow body line and two (2) wide body lines. The third line will see B777 aircraft introduced into Heavy Maintenance in YVR and it will consist of a blend of B777 and B767 aircraft. Category 1 and 38 recalls and transfers are on-going to facilitate the two (2) B777 endorsement courses. While the employer says there will be further recalls across other Categories in October,

the Shop Committee has not been furnished with a Category and numbers breakdown as of yet.

Tech Ops Retirements: The Shop Committee would like to congratulate the following Members; Hans Munsters – Category 1 and Ron Fraser – Cat 38 who retired on July 1, 2010, Ian McMahon – Cat 1, Janet Gilbert – Technical Data Controller and Kelvin Brown – Licensed Technical Writer who retired on August 1, as well as Raj Rattu – Cat 1, Hugh Johnston – Cat 1, Gail Lynch – Cat 31 and Dave Mayes – Stockkeeper who retired September 1. 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

Next General Meeting

Oct 13, 2010
5 PM
7980 River Road
Richmond, B.C.



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

IN MEMORIAM
BROTHERS
LESLIE ALLEN
CHARLIE CHADOLA
LOUIS GALGOCZY
PEARCE HARENUM
ROBERT PEEL
SHELDON RUECKER
ROBERT WEIGHTMAN
JOHN WIEBE

Local 764 Executive Board

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Mike Sanghera – Vice-President
David Varnes – Secretary Treasurer
Laura Sharpe -Recording Secretary
Steve Daechsel -Trustee
Wes Sim – Trustee, Educator
Cam McDonald -Trustee
Dan Cooke – Conductor/Sentinel
Gordon Taylor – Communicator

Joe Toth - Tech-Ops Shop Chair
Craig Chard - Airports/Cargo Shop Chair
Neil Carter – Senior Steward MTU
Janet Andrews – Senior Steward UAL
Ron McKelvie – Clerical Chief Shop Steward

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