



*Canadian Airways Lodge No. 764*  
INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS  
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April 12, 2012

**VIA FAX: 613-941-6900**  
**(Hard Copy to Follow)**

The Right Honourable Stephen Harper  
Prime Minister of Canada  
Office of the Prime Minister  
80 Wellington Street,  
Ottawa, ON K1A 0A2

Dear Prime Minister:

**Re: Air Canada Heavy Maintenance and the Failure of Aveos Fleet Performance Inc.**

This letter is written seeking the assistance of your government to protect 2,650 jobs that have been lost nationally as a result of the bankruptcy of Aveos Fleet Performance Inc., including 356 of my Members here in Vancouver, B.C.

Our Union, the International Association of Machinists and Aerospace Workers, Local Lodge 764, represents 3,000 Members in Vancouver who work for Air Canada, Aveos Fleet Performance, United Airlines and MTU Canada. The IAM & AW also represents all 11,000 Aveos and Air Canada Technical, Maintenance and Operational Support workers across Canada as well as their Clerical and Finance employees.

Air Canada emerged from CCAA in 2004 under a plan of arrangement that resulted in it being a wholly owned company of ACE (Air Canada Enterprises) Aviation Holdings. This plan of arrangement saw the original 1988 privatized Air Canada Corporation Balkanized into five (5) separate, wholly owned companies. Those were Air Canada mainline (the airline), Air Canada Cargo, Air Canada Ground Handling and Support, Aeroplan and Air Canada Technical Services. Air Canada went into CCAA in April 2003 as a single entity and emerged in 2004 as five (5) wholly owned subsidiaries under the umbrella of ACE Aviation Holdings.

Aeroplan was sold and fully divested as a standalone company in a series of corporate transactions between June 2005 and May 2008. ACTS was sold in October 2007 to KKR and Sageview Investments. Aveos was the rebranded company name created by the sale of Air Canada Technical Services, its Aircraft Maintenance and Technical Operations division. Aveos is a wholly owned company of Aero Technical Support and Services Holdings (registered in Luxemburg) which in turn is a wholly owned company of Aveos Holdings Company which is registered in the Cayman Islands.

Both KKR and Sageview walked away from Aveos and wrote off their investment in Q4, 2008 and Aveos filed for CCAA protection in January 2009. It emerged under a recapitalization plan in March 2010 controlled by a group of eleven (11) investors, including the original lenders, Lehman Brothers and Woodbridge Investments. Air Canada was a minority investor with an undisclosed share percentage of the reorganized Aveos.

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Aveos was responsible for the heavy maintenance (hangar maintenance visits of 2 to 60 days) for Air Canada's entire fleet of aircraft. They also did all of the associated aircraft component and engine overhaul and repair work for Air Canada as well as providing logistical supply, technical training and various other support functions for the airline.

The IAM & AW, Air Canada and ACTS (Aveos) engaged in an ongoing negotiations process from 2004 to January 31, 2011 concerning the forcing of more than 3,000 IAM & AW Members away from Air Canada to this new company, Aveos. The IAM & AW has maintained from the beginning that the creation of ACE Aviation as the holding company of a Balkanized Air Canada was designed to do two things, neither of them were employee friendly.

The first was to enrich the shareholders through the individual sale of the various business units of Air Canada to outside investors. The second was to divest Air Canada of as much of its unionized workforce as possible. The sale of Aeroplan and ACTS (Aveos) were completed before the worldwide economic meltdown in Q4, 2008. ACE was unable to find buyers for either of its Cargo or Ground Handling Divisions after that time and ultimately recombined them back into a single Air Canada corporate entity.

This corporate reintegration of the three (3) remaining business units of Air Canada was the precursor to the recently announced windup of ACE Aviation Holdings and the payout of the final \$300M to the ACE shareholders. This was the icing on the \$4.5B cake of dividends and special payments that have been paid to ACE by Air Canada and its business units since 2004.

The CIRB issued a ruling on January 31, 2011 ordering a split in the IAM & AW Air Canada Technical, Maintenance and Operational Support Bargaining Unit Certification. Every Air Canada TMOS employee was forced to select and bid to maintain a position with Air Canada and thereby remain an Air Canada employee. Employees who did not have enough seniority or who worked in a job category that was no longer employed at Air Canada (because the function had been transferred to Aveos) were forcibly severed from Air Canada effective July 14, 2011.

The CIRB ordered this separation and transition of employees based upon the testimony of senior executives from both Air Canada and Aveos that Aveos was a viable company with a sound business plan. To paraphrase their words to the CIRB, Aveos need only be freed from the shackles of Air Canada to fulfill its true potential.

When you predict doom and a dire outcome of events as the IAM & AW has done, there is no joy in being proven right. This winged albatross called Aveos has taken a scant eight (8) months and six (6) days from the date of its unshackling to soar and fulfill its true potential. It crash landed in a CCAA filing on March 19th which was quickly followed by a BAI filing on March 20, 2012. Its true potential, as the IAM & AW had warned, was to become an insolvent company.

The Aveos insolvency has resulted in the direct loss of 356 jobs at the Air Canada North hangar facility at YVR as of Monday, March 19th. These are highly skilled and good paying jobs that provide decent, livable incomes, benefits and pensions for 356 families in the GVRD. These jobs also provide a large amount of tax revenue to all levels of government.

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The Air Canada Public Participation Act (ACPPA) was written in 1988 as the legislative Act that privatized Air Canada. That Act requires that Air Canada operate aircraft maintenance facilities in the Montréal Urban Community, Mississauga and Winnipeg. It does not include Vancouver because in 1988, Vancouver was the main base for Canadian Airlines International.

In 1999, CAIL was purchased by Air Canada and the maintenance workforces of the two airlines were merged into a single Bargaining Unit and workforce on December 1, 2001. This resulted in Vancouver instantly becoming the 3rd largest maintenance base in the Air Canada system after Montréal and Mississauga.

On March 29, 2012, the BC Legislature passed a unanimous motion calling upon your Federal government to include "Greater Vancouver" in the ACPPA and to protect the 356 jobs of the workers at Aveos. The Quebec National Assembly and the Manitoba Legislature have also passed similar motions.

You should also have received a letter from the Mayors of Montréal, Winnipeg and Mississauga. That letter from the Mayors called upon you and your Canadian Federal government to urgently convene a meeting of all the parties concerned to protect the 2,650 jobs lost across Canada as a result of the insolvency filing of Aveos Fleet Performance Inc.

Richmond's Mayor, Malcolm Brody and its City Council have passed a resolution at their April 10, 2012 Council meeting adding the support of the City of Richmond, B.C. to the process to seek a solution to keep these jobs in their city.

Time is of the utmost importance in this matter. On April 5, the Aveos CCAA filing was extended to May 4, 2012. It is imperative that the Courts see concrete and tangible evidence of progress toward a viable restructuring by that date. The IAM & AW has met with investors interested in restoring the entirety of the Aveos business. Now it is time for the Canadian Federal government to take the leadership role and convene a meeting of all of these parties to find a solution to this problem and return these 2,650 Canadians to their jobs, return food to their tables and return dignity to their families.

Your government is the single entity in Canada that has the power and scope to bring all three levels of government, Air Canada, the workers and the investors together to save this historically important sector of the aviation industry in Canada. I urge you to convene a meeting or series of meetings of all of the parties in Ottawa at the earliest possible date to begin the negotiations process necessary to revive this business and to protect these highly skilled Canadian jobs.

Our Members have been very active politically since they have been terminated from their jobs in one of the most despicable and cowardly acts of corporate deceit that this country has ever seen, and that is a saying something. They have been visiting their MPs and making personal appeals to them for action to be taken by your government. Some of these MPs like Kerry-Lynne Findlay, Nina Grewal and the Hon. Alice Wong, are Members of your government.

Canada has been at the forefront of aviation since the first powered flight of the Silver Dart in Baddeck in 1909. The once leading edge Canadian telephone technology and innovation company of Alexander Graham Bell's original genius, Nortel, has disappeared from the world

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stage. It too was a subsidiary of the Canadian telecommunications giant BCE before it was spun off as a standalone company. Do not let Canada's aviation technology and innovation industry follow it into oblivion. Once this industry declines and disappears it will never come back. Canada's window for action and a solution is rapidly closing.

Your government prides itself on creating jobs for Canadians. I, and all of the undersigned Aveos Members of IAM & AW Local Lodge 764, urge you to do the right thing and protect 2,650 jobs for Canadians. A good job protected is better than a menial job created. It is a family saved.

We will be more than happy to assist you and your government in any way we can or to add any further background information that you may require on this very complex issue. I may be contacted at my cell number or email address in my signature below at any time.

We thank you in advance for your urgent consideration of this request for support.

Respectfully,



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Hon. Kerry-Lynne Findlay	Jenny Kwan
Premier Christy Clark	Olivia Chow
Hon. Pat Bell	Janie Nicholls
Thomas Mulcair	Don Davies
Adrian Dix	Peter Julian
Jinny Sims	Alice Wong

Dave Ritchie, General Vice President - IAM Canada  
Chuck Atkinson, President & Directing General Chairperson, District Lodge 140 - IAM & AW

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