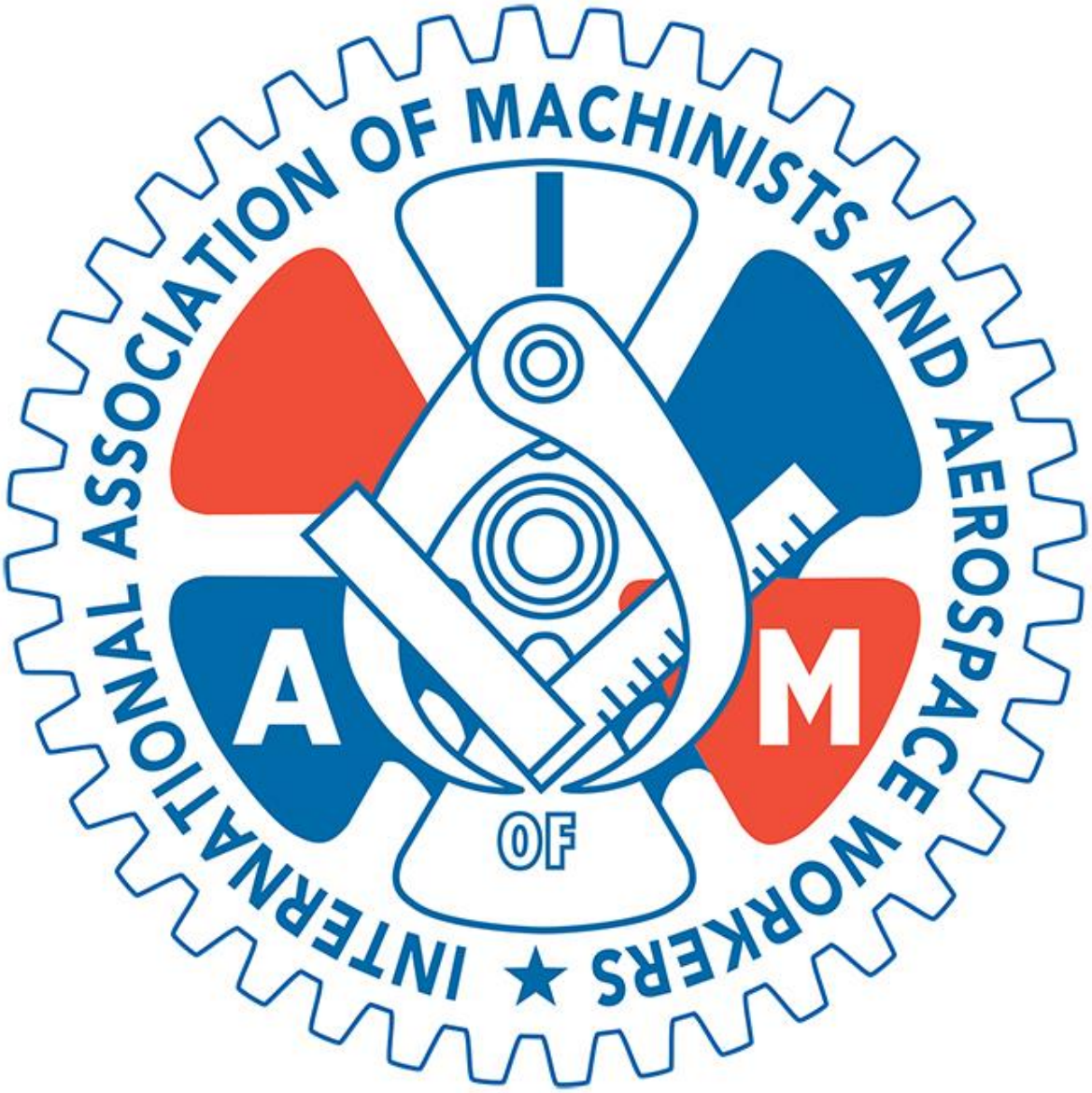
2019 - 2022 Collective Agreement Changes



The purpose of this package is to provide the membership with a document to capture all of the changes made to the Collective Agreement during the 2019 – 2022 opener as prescribed in article 6 of Appendix XXXXIV.

The global Covid 19 pandemic caused delays in the conclusion of the bargaining process. The ability to meet internally and with the company to review a final version of the Collective Agreement changes after arbitration were extremely challenging due to provincial restrictions.

These changes will be incorporated into the Collective Agreement published at the conclusion of the 2022-2026 negotiations opener.

The Table of Contents consists of three (3) sections containing the agreed changes as a result of the negotiations process from 2019-2022,

1. Pension changes

2. Collective Agreement changes applicable to all members

3. Collective Agreement changes applicable to Airports, Cargo and CEQ members

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9. Side Letter re: Article 10.05.01 - Pre-2016 Acting hours pay progression accumulation (new language).

10. Carry on/off lift team in YYZ extension till 2026.

11. Letter of understanding Appendix XXV.

SECTION 1

PENSION

MEMORANDUM OF AGREEMENT BETWEEN

THE INTERNATIONAL ASSOCIATION OF MACHINISTS

AND

AIR CANADA

Buy-back of Pension Credits for Eligible Approved Leave and Remittance of Contributions on Overtime Earnings

I. DEFINITION

"Employer" means Air Canada.

"Fund Office" means the I.A.M. Pension Administration Corporation.

"Plan" means the I.A.M. Multi-Employer Pension Plan.

"Pension Credits" means the contributions that would otherwise have been made to the Plan by and on behalf of the employee in respect of a period of approved leave, in the absence of such leave.

"Required Contributions" means the amount of employee contributions required to buy-back pension credits for a period of approved leave.

II. GENERAL RULES

1. Processes and Conditions

- When an employee goes on approved leave, the Employer will advise the employee of the option to buy-back Pension credits in the Plan for the period of leave. The authorized leave package that the Employer distributes to the employee will include directions to appropriate further information.

- The Employer will notify the Fund Office on a timely basis when a requested leave is approved and provide the necessary information to the Fund Office to administer this Agreement. The Employer and the -Fund Office will determine the information to be exchanged to ensure effective and efficient administration of this Agreement.

- The right to buy-back will apply to only full weeks of approved leave.

- An eligible employee who fails to submit an application within the stated time will be deemed to have elected not to buy-back the relevant Pension Credits.

- An employee who wishes to buy-back Pension Credits for approved leave can access the Plan's website to determine the Required Contributions and download the application form and appropriate information.

- The Fund Office will be responsible for calculating the cost of the buy-back.

- The Fund Office will be responsible for PSPA certification and reporting and for calculating revised PAs. Such revised PAs shall be notified to the Employer.

2. Employee and Employer Contributions

Required Contributions

The maximum Required Contributions *to* buy-back pension credit for a period of approved leave will be calculated by multiplying the approved leave duration, measured in weeks or months as appropriate, by the Average Contribution Rate.

The Average Contribution Rate is based on the average of the last 12 full months or 52 full weeks, as applicable, of employee contributions immediately prior to the commencement of leave. If the employee has less than 12 full months or 52 full weeks of contributions, the number of full months or weeks of actual contributions shall be used.

The employee *may* select an amount less than the maximum.

Employer Contributions

The Fund Office will provide the Employer with information and documentation regarding an employee's election and the Employer will remit matching contributions to the Fund Office as appropriate.

3. Payment of Required Contributions

Required Contributions are remitted through payroll deduction or a single lump sum payment (by certified cheque or money order) after the employee returns to work.

- Where contributions are made via payroll deduction after the employee returns to work, the deduction will be made at a fixed rate of $20 per pay or at 2% of his pensionable earnings, at the choice of the Fund Office. .The employee may request a higher deduction. Payroll deductions will continue until the balance of the employee's Required Contributions is paid in full other than as noted below.

- In the event of retirement, termination or death before the Required Contributions have been paid in full, the member, or surviving spouse, will be given an option to pay the outstanding amount and the Employer will remit matching contributions to the Fund Office accordingly.

III SICK LEAVE (SHORT TERM LEAVE)

An employee who is on sick leave (short term leave) under the Employer's sick leave plan will not need to buy-back pension credit for the sick leave as employee contribution deduction and employer contributions will be maintained for the period of the sick leave.

IV MATERNITY / PARENTAL / CHILDCARE / ADOPTION LEAVE CHILD HOSPITALIZATION AND CARE OR SUPPORT OF A CRITICALLY ILL CHILD LEAVE COMPASSIONATE CARE LEAVE LEAVE RELATED TO DEATH OR DISAPPEARANCE OF A CHILD WORK-RELATED ILLNESS AND INJURY LEAVE/WORKERS' COMPENSATION BENEFITS (WCB) PERIODS RECEIVING BENEFITS FROM GROUP DISABILITY INCOME PLAN

Once contributions have commenced, the election cannot be cancelled although, at the discretion of the Fund Office, the payment amounts may be changed subject to minimum requirements. The period that can be bought back will be as per the minimum legal requirements only.

Employer Responsibilities

- Notify the employee of the buy-back option as per the General Rules.
- Notify the Fund Office of an approved leave and the commencement and termination dates of leave.
- Make the appropriate payroll deduction and remit the employee and Employer contributions to the Fund Office.

Employee Responsibilities

- Submit the required application to the Fund Office within 90 days of returning to work, or such lesser period as the Fund Office may require.
- Where a lump sum payment is elected, remit the Required Contributions within a reasonable time period.

Fund Office Responsibilities

- Upon receipt; send the Employer a copy of the application/election form if the Employer requests it. Such copy may be in electronic format only, at the discretion of the Fund Office.
- Where a PSPA is necessary, request approval from CRA.

V. REHAB PERIODS

An employee on rehab will be performing some services for the Employer for which he/she would receive compensation from the Employer and the corresponding employee and Employer contributions to the Plan will be remitted as normal on that part of the employee's compensation. To the extent that these contributions are, in any pay period after commencement of Rehab, less than the Average Required Contributions as defined herein, the Employee, or the surviving spouse, will be given the option to buy-back the shortfall upon the event of a return to pre-disability employment levels, termination, retirement or death.

The Employer, Employee and Fund Office responsibilities are as described under section IV above.

VI. PROCEDURES FOR THOSE WHO HAD GONE ON LEAVE PRIOR TO THE IMPLEMENTATION OF THE BUY-BACK POLICY.

- The Employer will provide the Fund Office with a list of all current employees who have a period of approved leave that commenced prior to the implementation of this Agreement. Such list will include sufficient information for the Fund Office to administer this Agreement in respect of these employees, as set out in a data specification to be provided by the Fund Office.

- The Employer will notify such employees of their option within 90 days of the later of implementation of this Agreement and their return to work. The Employer will also provide each of these employees with a copy of the buy-back form and the contact information for the Fund Office.

The Fund Office will be responsible for obtaining certification of any PSPA.

VII. CONTRIBUTIONS ON OVERTIME EARNINGS

New Employees

The option to make contributions to the Plan on overtime earnings will be offered, on a limited basis as noted herein, to an employee at the commencement of employment and the Employer will remit matching contributions as appropriate in respect of all pay periods commencing after receipt of the election form.

Such option shall be open for 90 days from issue and, at the expiry of that time, an employee's election to contribute or otherwise, will become binding on the employee without variation for the remainder of appropriate employment.

Employer Responsibilities

- Provide a new employee with the appropriate election form and relevant information.

- Report regular and overtime earnings separately on the remittance reports provided to the Fund Office.

Current Employees

Each current employee will be offered a similar option to contribute on overtime earnings as outlined above. The election will be offered within 90 days of the completion of this agreement. All other terms are as noted above.

Employer Responsibilities

- Provide each current employee with the appropriate election form and relevant information

- Report regular and overtime earnings separately on the remittance reports provided to the Fund Office.

THIS MEMORANDUM OF AGREEMENT IS EFFECTIVE JANUARY 1, 2017

FOR THE INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS

Fred Hospes

DATED: 12/15/16

NAME: Fred Hospes

POSITION: PDGC

FOR AIR CANADA

DATED: 12/21/2016

NAME: Nathalie Henderson

POSITION: Senior Director, Pensions

moveUP

IN THE MATTER OF AN INTEREST ARBITRATION

BETWEEN:

AIR CANADA
(the "Employer or the "Company")

AND

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, DISTRICT LODGE 140
(the "Union" of the "IAMAW")

ARBITRATOR:	Vincent L. Ready
COUNSEL:	Karen M. Sargeant and Rachel Younan For the Employer Amanda Pask and Sean Fitzpatrick For the Union
WRITTEN SUBMISSIONS:	October 26, 2020 November 9, 2020 January 22, 2021 and February 12, 2021
DECISION:	April 12, 2021

On June 6, 2019, I was appointed as mediator/arbitrator pursuant to a Memorandum of Agreement ("MOA") agreed between the parties as part of the settlement of their Collective Agreement executed on December 18, 2015. The Memorandum of Agreement reads as follows:

APPENDIX XXXXIV - Memorandum of Agreement

MEMORANDUM OF AGREEMENT

Between

AIR CANADA

and

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS ("IAMAW")

Whereas the IAMAW and Air Canada have entered into a Collective Agreement in respect of the Technical, Maintenance and Operational Support ("TMOS") bargaining unit which is effective from April 1, 2011 to March 31 , 2016;

And whereas the parties wish to provide for long-term stability in their relationship;

And whereas the parties wish to make certain changes to their April 1, 2011-March 31, 2016 Collective Agreement;

And whereas the parties wish to provide for the entering into of successive collective agreements which will be effective for the following periods:

1) from April 1, 2016 until March 31, 2019;
2) from April 1, 2019 to March 31, 2022;
3) from April 1, 2022 to March 31, 2026;

Now therefore the parties have agreed as follows:

1. With exception of paragraph 2, which will come into force with the signing of this Memorandum, this Memorandum will only come into force once it has been ratified by both the TMOS membership and the Board of Directors of Air Canada and once the IAMAW confirms, to the satisfaction of Air Canada, the withdrawal discontinuance of its single employer applications in Canada Industrial Relations Board files 30424-C and 30420-C.

2. The IAMAW Negotiating Committee and General Chairpersons unanimously recommend ratification of this Memorandum by the TMOS membership and the Air Canada Executive Committee unanimously recommends that its Board of Directors unanimously endorse this Memorandum (“Ratification”). The IAMAW shall commence its ratification process by January 15, 2016.

3. On Ratification, this Memorandum constitutes an agreement under s. 79 of the *Canada Labour Code* respecting the renewal, revision and/or entering into a collective agreement for each of the periods stipulated herein.

4. **Changes to the 2011-2016 Collective Agreement:** The parties agree that the changes set out in Schedule A will be made to the 2011-2016 collective agreement, effective upon Ratification except as otherwise indicated in Schedule A.

5. **The 2016-2019 Collective Agreement:** The parties agree that a new collective agreement will be in effect from April 1, 2016 until March 31, 2019. This 2016-2019 Collective Agreement shall be identical to the 2011-2016 Collective Agreement, including the changes provided for in paragraph 4 above, except as amended by Schedule B.

6. **The 2019-2022 Collective Agreement:** The parties agree that a new collective agreement will be in effect from April 1, 2019 until March 31, 2022. This 2019-2022 Collective Agreement shall be identical to the 2016 -2019 Collective Agreement, except as amended by Schedule C.

7. The parties have also agreed that either may seek changes to the 2019-2022 Collective Agreement in accordance with the following procedure:

   a. Either party may provide notice to bargain between January 1, 2019 and March 31, 2019, in which case the parties shall each set a date and meet in good faith and make every reasonable effort to negotiate in relation to the changes to the 2019-2022 Collective Agreement sought by the parties. Changes agreed to by the parties shall be incorporated into that collective agreement.

   b. If 90 days after the commencement of negotiations the parties have failed to reach an agreement on all or any items, either party may refer the outstanding items to the mediation-arbitration process set out below.

   c. The mediation/interest arbitration will be before a mediator-arbitrator of the parties' choosing.

   d. If the parties cannot agree on a mediator-arbitrator within 30 days of a referral to mediation-arbitration being received by the other party, then either party may request that the Federal Mediation and Conciliation Service make the selection, which selection shall be binding on the parties.

   e. If after 15 days of mediation (a "day of mediation" being a day during which the mediator meets, at any time and for any duration, with both of the parties), the parties have failed to reach a comprehensive agreement, either may refer a maximum of 10 items each to the mediator-arbitrator for final and binding determination in lieu of strike or lockout ("Interest Arbitration Items"). Any unresolved item that is not an Interest Arbitration Item shall remain unrevised.

f. Each Article, Letter of Understanding, Memorandum of Agreement and Appendix listed in the Table of Contents of the Collective Agreement constitutes a single permissible Interest Arbitration Item except that:

   i. Rates of Pay (Articles 5, 7 and 9); Term (Article 21); Appendix XXV; Appendix XXXVIII; and the benefit pension plans are excluded as permissible Interest Arbitration Items; and

   ii. Each sub-article of Articles 10, 16 and 20 as listed in the Table of Contents constitutes a single permissible Interest Arbitration Item.

g. For greater clarity, and without limiting the generality of the foregoing, the following are permissible Interest Arbitration Items, and to the extent that they are pursued they each count as one of the 10 items referred to above in paragraph (e):

   i. Improvements to the Multi-Employer Pension Plan.

   ii. Any other item that the parties agree is of mutual benefit.

h. The mediator-arbitrator shall have all of the powers and authority of an arbitrator pursuant to section 60 of the *Canada Labour Code.*

i. The mediator-arbitrator shall determine his or her own procedure and shall issue a decision on the Interest Arbitration Items within 90 days of the referral to arbitration.

j. Subject to the second sentence of paragraph k, below, in rendering a decision about an Interest Arbitration Item, the mediator-arbitrator shall have regard to the following:

   i. the replication principle;

   ii. the terms and conditions of employment of comparable employees;

   iii. the impact on the Company, including, without limitation, the cost impact;

   iv. any other factor that the arbitrator considers relevant.

k. The arbitrator will also consider the total cost of the package and its impact on total compensation. Specifically, in no event shall the mediator-arbitrator issue an award pursuant to the arbitration contemplated in this Memorandum that increases the total cost of the Company's obligations under the Collective Agreement except for the following item, which the parties acknowledge could result in an increase in cost based on a comparison with the terms and conditions of employment of other comparable employees at Air Canada or in Canada generally and/or cost of living (which shall be determined by the Bank of Canada Core

Consumer Price Index – v41693242):

i. Improvements to the Multi-Employer Pension Plan

l. The Collective Agreement will come into effect on April 1, 2016 and remain in effect for its term notwithstanding that negotiations, mediation or arbitration as provided for herein may be in progress. Once negotiation, mediation and/or arbitration have been completed, any change that has . been agreed or awarded will be made to the provisions of the 2019- 2022 Collective Agreement in effect and the terms of the agreement shall thereby be finalized.

m. Any terms awarded by the Arbitrator will be included in the collective agreement.

8. **The 2022-2026 Collective Agreement:** The parties agree that a new collective agreement will be in effect from April 1, 2022 until March 31, 2026. This 2022-2026 Collective Agreement shall be identical to the 2019-2022 Collective Agreement, except as amended by Schedule D. The parties also agree that either may seek changes to the 2022-2026 Collective Agreement by providing notice to bargain between January 1, 2022 and March 31, 2022, whereupon the provisions of paragraph 7 (a) to (m) inclusive shall apply as though they were set out hereunder in reference to the 2022- 2026 Collective Agreement.

9. The parties agree that the present Memorandum concerns matters respecting the renewal or revision of collective agreements and/or the entering into of new collective agreements, and further agree that any dispute about its interpretation, application or alleged contravention shall be referred to an arbitrator for final and binding determination. For this purpose, the parties agree to adopt and follow the same procedure to address any dispute under this Memorandum as is set out in the collective agreement then in effect.

10. Nothing in the Memorandum detracts from the parties' right to agree to amendments to any existing collective agreement or to the terms set out in this Memorandum.

11. The parties agree that in no event shall the union engage in a strike or the employer engage in a lockout until the time this Memorandum is terminated pursuant to paragraph 12.

12. For clarity, the Parties agree that this Memorandum will terminate upon any of the following events occurring:

a. The parties agreeing in writing that this Memorandum should cease; or
b. March 31, 2026.

13. The Parties further agree that the terms and conditions in this Memorandum shall be incorporated into and form part of the collective agreements to which they apply.

In witness whereof, the parties hereto have signed this Memorandum of Agreement this 18th day of December 2015.

This interest arbitration award settles the terms of the Collective Agreement renewal for the period 2019-2022.

I. HISTORY OF NEGOTIATIONS

As noted at the outset, the parties negotiated and signed the MOA under which the present matter is brought, as well as a side letter regarding the maximum pension cap – both of which are dated December 18, 2015.

The December 18, 2015, pension cap letter sets out as follows:

Mr. Ken Russell
General Chairman
IAMAW – District Lodge 140

Re: Pension Cap

This is to confirm our understanding that the issue of raising the current pension cap of $82,000 is a permissible Interest Arbitration item under the Memorandum of Agreement of December 18, 2015 (the "MOA"), notwithstanding that article 7(f) of the MOA excludes defined benefit pension plan issues. We further agree that the cost-neutrality limitation in article 7(k) of the MOA will not apply to the determination of this item should it be referred to interest arbitration. Also, this item would not count as one of the maximum 10 permissible Interest Arbitration items in article 7(e).

Sincerely,
John Beveridge
Director, Labour Relations

As can be seen from a review of the MOA, the parties agreed to changes to the 2011-2016 Collective Agreement effective upon ratification and to a series of successive Collective Agreements to be in effect from April 1, 2016 until March 31, 2019; April 1, 2019 to March 31, 2022 and April 1, 2022 to March 31, 2026. The parties also agreed to a process pursuant to which either party could seek changes to the 2019-2022 and 2022-2026 Collective Agreements provided such changes did not result in cost increases to the Employer.

2019-2022 Renewal

The parties entered into direct negotiations for the 2019-2022 renewal in March 2019. Despite the cost neutrality requirement in the MOA, the Union's list of proposals dated March 4, 2019 consisted of 28 items on the "airports/ cargo" side (meaning the employees engaged in Air Canada's ground handling and cargo operations); 19 items on the Technical Operations side; and 33 "common" items applicable across the unit. The Employer initially put forward 16 items on the "airports" side and 23 items on the "maintenance" side.

Although the parties held numerous meetings, they made limited progress in bargaining. On June 6, 2019, I was appointed to assist in the negotiations. I conducted mediation hearings on July 11, 12, August 12, 13, 14, August 19, 20, 21, 22 and 23, 2019 and February 10 and 11, 2020. As well, I held numerous discussions with the parties outside of the formal mediation hearings. In the end, only a small number of matters were agreed to between the parties. Indeed, the parties were unable to reach agreement on most of the outstanding matters; hence the referral to interest arbitration.

On August 28, 2019, I directed the parties to make their elections as to which, if any, items they would be submitting to interest arbitration from their respective bargaining proposals. Pursuant to the MOA, each party was permitted to advance ten items to arbitration in the event the dispute was not resolved in mediation. According to the December 18, 2015 side letter and section 7(k) of the MOA, the pension issues are exempt from the restriction against changes with increased cost implications.

II. THE ISSUES SUBMITTED TO INTEREST ARBITRATION

Due to the COVID-19 pandemic these referrals to arbitration were adjourned for a period of time.

Once reconvened, the parties provided me with comprehensive and well-thought out submissions and replies for which I am thankful.

The Union's Proposal

The Union's primacy position in this interest arbitration is that, in light of the circumstances facing the Employer and its members as a result of the COVID-19 pandemic, the 2019-2022 Collective Agreement should remain status quo, excepting the changes the Union seeks to the maximum cap on pensionable earnings, which it notes the parties have agreed to deal with outside of the ten issues permitted to be submitted to interest arbitration under the MOA.

In light of its position, the Union states that it hoped the Employer would withdraw its proposal on the compressed work week. Its secondary position, should the Employer maintain its compression schedule proposal, is that if the Arbitrator chooses to award this item to the Employer, the items set out in its February 11, 2020 list ought to be awarded to the extent that any related cost increase to the Employer is offset by the cost savings to the Employer achievable through imposition of its compression schedule proposal. For reference, that list sets out the issues for interest arbitration as follows:

1. UI – Pension Cap only, with a side letter agreeing that improvements to the MEPP will be addressed during the 2022 -2026 round of negotiations and will not be counted as one of the ten permissible items for Interest Arbitration.
2. UA21 – Lump Sum/Signing Bonus. $3500 for ALL full time TMOS employees and $1750 for ALL part time TMOS employees.
3. UA10 – LOU 29 (Above-Basic Selection Process)
4. UA15c/ CI - Tow Crew Premium
5. U6 - Article 16.06.03. Acting assignment limits.
6. U22 a and b – Transfer and promotion penalty.
7. U29g - Benefits Disclosure.
8. MEPP [multi-employer pension plan] - Overtime administration change to include overtime with opt out caveat.

In making the above-noted alternative proposal, the Union makes clear it does not view the achievable gains on the above set out items to in any way be an adequate *quid pro quo* "for the broad discretion of members' lives that Air Canada's proposal seeks". The Union characterizes the Employer's compression schedule proposal as a "breakthrough item" that would not have been achieved in bargaining either before or after the pandemic, and that it ought not to be imposed through interest arbitration. The Union takes issue with the Employer's suggestion that the arbitrator consider the Employer's "ability to pay", noting this factor is not included in the MOA, and that the cost neutrality component renders this factor irrelevant. Further, the Union takes the position that, in interpreting section 7(k) of the MOA, it is appropriate to consider the factor of "total compensation" to take into account "the context in which the Framework Agreement was negotiated" and "to conclude that it was not intended as a vehicle through which the Company could obtain concessions that materially detract from the very collective agreement

benefits negotiated in exchange for 10 years of labour stability."

The Employer's Proposal re Compressed Work Week

The Employer has maintained its proposal to change the compression scheduling requirements in MOA 12, which was negotiated by the parties in 2011 to replace the normal scheduling provisions set out in certain provisions of Article 10 of the Collective Agreement. MOU 12 reads as follows:

MEMORNADUM OF AGREEMENT NO. 12 -
Shift Schedules

The parties agree that Articles 10.01.03.01, 10.01.03.01.01, 10.01.03.01.02, 10.01.03.01.03 and 10.01.03.01.04 as well as the NOTES in Article 10.01.02 will be inoperative during the life of this MOA and that the shift-scheduling provisions of this MOA will apply.

The shift-scheduling provisions of this MOA apply to employees in airports and cargo but not training instructors, gate planners, BCC/ BCR, GSE and weight & balance.

This MOA will be automatically renewed annually at all locations unless written notice is provided of withdrawal at any location. Written notification shall be provided no later than November 1 for the following calendar year and withdrawal shall be effective with the first full work schedule change of the following calendar year. If the union withdraws, Article 10 will apply to that work location and all employees at that work location will forfeit 3 General Holiday days and their Shift Premiums for the full calendar year.

A. The following shift patterns may be used by the Company in the development of work schedules.

Shift Pattern (Includes equivalent time off)		**Shift Duration (Includes paid Meal Period)**	
a)	4 days on/3 days off	=	9 hours and 20 minutes
b)	4 days on/4 days off	=	10 hours and 40 minutes
c)	6 days on/3 days off	=	8 hours
d)	4 days on/2 days off	=	8 hours
(Includes Paid Stats)		**(Includes Paid Meal Period)**	
a)	4 days on/3 days off	=	10 hours
b)	4 days on/4 days off	=	11 hours and 25 minutes
c)	6 days on/3 days off	=	8.5 hours
d)	4 days on/2 days off	=	8.5 hours
e)	5 days on/2 days off	=	8 hours

B. Compression levels in Airport and Cargo locations will be based on historical averages of 2011 for LSA, FT SA, FT CSA, LCSCA, and FT CSCA. The charts in Addendum to MOA #12 identify the applicable compression levels to be utilized.

NOTE 1: The Company may develop the work schedule plus or minus 2% of the 4x4 shift pattern, and plus or minus 2% of the 4x3 shift pattern.

NOTE 2: The shift patterns and corresponding ratios will be utilized unless changes are mutually agreed to by the Company and the Union at the District (HQ) Level.

A. On an annual basis, the Local Shop committee will provide the Company with the employees' preferences for the distribution of the shift patterns by time of day (i.e., AM and PM), and preferences of shift patterns scheduled to various functions. The company will take these preferences into consideration in developing work schedules that meet operational requirements.

B. The work schedule developed by the Company will be provided to the Work Schedule Review Committee (WSRC). The composition of the WSRC and the timeframe for the Work Schedule Review process will be based on the number of active employees at the applicable Airport or Cargo location for which the work schedule is being developed as follows:

1) 700 or more active employees - 4 union representatives will be provided three (3) calendar days;

2) 400 to 699 active employees – 2 union representatives will be provided three (3) calendar days;

3) 61 to 399 active employees – 2 union representatives will be provided two (2) calendar days;

4) Up to 60 active employees – 2 union representatives will be provided one (1) four (4) hour day.

C. At the commencement of the WSRC process, the Company will present details of the developed work schedule to the WSRC. The details will include the number of bid lines (operational and relief) and the number of employees eligible to bid a work schedule. Following the presentation of the details of the work schedule, the WSRC may suggest start time adjustments to the work schedule that are no greater than 30 minutes and do not impact operational requirements, coverage, cost, and manageability. If the Company does not accept the proposed adjustments, the WSRC process will commence as scheduled utilizing the shift schedule as presented by the Company. If the WSRC fails to complete the work schedule review process within the deadlines set out above, then the Company will implement its work

schedule.

D. The Company commits to maintaining the same methodology of scheduling of relief requirement that it has historically utilized.

For Air Canada	For Transportation District 140
John Beveridge	Ken Russel
Director, Labour Relations	IAMAW Bargaining Chairperson
_____	_____
Andrea Zaffaroni	Keith Aiken
Manager, Labour Relations	IAMAW Bargaining Chairperson

ADDENDUM TO MEMORANDUM NO. 12
SHIFT SCHEDULES

	AVG Airports Operational Shifts								
	LSA Compression Ratios			FT SA Compression Ratios			FT CSA Compression Ratios		
	4x3	4x4	% of Compression	4x3	4x4	% of Compression	4x3	4x4	% of Compression
YVR	14%	66%	80%	11%	81%	92%	0%	100%	100%
YYC	16%	57%	73%	15%	58%	73%	0%	100%	100%
YEG	0%	82%	82%	4%	68%	72%	0%	100%	100%
YWG	0%	46%	46%	0%	61%	61%	0%	57%	57%
YYZ	-	-	maximum 30%	-	-	maximum 30%	-	-	maximum 20%
YOW	3%	45%	48%	3%	41%	44%	0%	57%	57%
YUL	-	-	maximum 20%	-	-	maximum 20%	0%	24%	24%
YHZ	4%	52%	56%	6%	57%	63%	0%	100%	100%
YYT	0%	75%	75%	0%	73%	73%	0%	100%	100%
YFC	0%	100%	100%	0%	63%	63%	0%	89%	89%
YQM	0%	100%	100%	0%	62%	62%	0%	100%	100%
YSJ	0%	100%	100%	0%	80%	80%	33%	67%	100%
YYG	0%	100%	100%	0%	79%	79%	33%	67%	100%
YQT	0%	0%	0%	6%	90%	96%	0%	55%	55%
YXE	0%	100%	100%	0%	73%	73%	0%	0%	0%
YXY	0%	0%	0%	0%	0%	0%	-	-	-
YQR	0%	100%	100%	0%	72%	72%	-	-	-
YQB	0%	0%	0%	0%	0%	0%	100%	0%	100%

AVG Cabin Services Operational Shifts

	LCSCA Compression Ratios			FT CSCA Compression Ratios		
	4x3	4x4	% of Compression	4x3	4x4	% of Compression
YYZ	0%	0%	maximum 20%	0%	0%	maximum 20%
YVR	35%	39%	74%	35%	56%	91%
YUL	0%	25%	25%	0%	34%	34%
YYC	30%	70%	*100%	25%	74%	100%

** Equals 2012 Levels*

AVG Cargo Operational Shifts

	LSA Compression Ratios			FT SA Compression Ratios			FT CSA Compression Ratios		
	4x3	4x4	% of Compression	4x3	4x4	% of Compression	4x3	4x4	% of Compression
YVR	20%	80%	100%	39%	44	83%	17%	52	69%
YYC	0%	100%	100%	0%	80%	80%	0%	57%	57%
YEG	0%	100%	100%	20%	80%	100%	0%	100%	100%
YWG	0%	100%	100%	0%	100%	100%	0%	40%	40%
YOW	0%	0%	0%	0%	25%	25%	0%	0%	0%
YHZ	0%	0%	0%	5%	89%	94%	12%	47%	59%
YYT	0%	0%	0%	0%	86%	86%	0%	67%	67%
YQR	0%	0%	0%	0%	0%	0%	0%	100%	100%
YXE	0%	0%	0%	0%	0%	0%	0%	100%	100%
YQT	0%	0%	0%	0%	0%	0%	0%	0%	0%

Please note that there are no compressed shifts in YYZ/YUL/YQB/YFC/YQM/YSJ/YYG/YXY for Cargo

LCSA	4X3	4X4	% of Compression
YVR	0%	100%	100%
YYC	0%	66%	66%
YEG	0%	100%	100%
YWG	0%	100%	100%
YHZ	33%	67%	100%

No compressed for LCSA in any other stations

ADDENDUM TO MEMORANDUM OF AGREEMENT NO. 12 –
SHIFT SCHEDULES

February 8, 2012

Mr. M. Ambler
IAMAW Bargaining Chairperson
District Lodge 140
International Association of Machinists & Aerospace Workers

Re: Collective Bargaining 2011 – Staggered Implementation of Compression in YYZ and YUL

Dear Mike:

Further to our discussions at the negotiation table on the above subject, the parties agree that the compression levels will be introduced as follows:

YYZ-LSA/SA 24% maximum in 2012, 28% maximum in 2013 and 30% in 2014.

YYZ-LCSA/CSA 7% maximum in 2012, 14% maximum in 2013 and 20% maximum in 2014. In the event that the LCSA/CSA employees determine that they do not wish to have compression Air Canada will be entitled to utilize the value of the compression percentage in the LSA/ SA classification.

YYZ-LCSCA/CSCA 7% maximum in 2012, 14% maximum in 2013 and 20% maximum in 2014. In the event that the LCSCA/CSCA employees determine that they do not wish to have compression Air Canada will be entitled to utilize the value of the compression percentage in the LSA/ SA classifications.

YUL-LSA/SA 10% maximum in 2012, 15% maximum in 2013 and 20% maximum in 2014.

Sincerely,

John Beverage
Director, Labour Relations

The Employer's proposal seeks to adjust the compression levels in MOA 12 by introducing a percentage range for compression levels at each station and for each position. The Employer stipulates that it does not necessarily require more standard shifts, nor is it the Employer's intention to necessarily decrease the total number of compression shifts. Rather, the Employer submits, it requires "the flexibility to schedule employees in the manner that is most efficient for its operations to ensure that the right employees are scheduled to work at the right time, having regard to Air Canada's flight schedule and the type of flying in which it is engaged." While the Employer acknowledges there may be cost savings resulting from the flexibility it seeks, it states this is not its purpose in seeking this change. According to the Employer, its proposal on compression levels is consistent with interest arbitration principles and ought to be granted. In its view, there is no requirement in the MOA to off-set any cost-savings associated with the awarding of its proposal.

The Employer observes that, at the time the parties were bargaining in 2011, the compression levels that were agreed to were developed with regard to third parties and that the shifts at the time mirrored the fleet and routes that the IAMAW station attendants (including cargo) were handling at that time. Notably, it submits, the context in which MOU 12 was negotiated is markedly different than "the current context in the Employer's airport branch."

The Employer submits that since MOU 12 was negotiated in 2011, flying at Air Canada and the service it provides to third parties have changed dramatically. According to the Employer, it has faced challenges trying to meet the compression levels in MOA 12 in at least some stations since first implemented. The Employer attributes this to the fact that the historical data used to develop the compression levels were no longer reflective of the Employer's operations. The Employer points to, as an example, its decision in 2013 to cancel contracts it had with Air China and Lufthansa at the Vancouver airport. The Employer additionally observes it has experienced a significant growth of its fleet, changes to the types of aircraft in its fleet, and growth in its flying schedule – all of which the Employer submits has resulted in the compression levels negotiated in 2011 no longer being responsive to the work demands of its dynamic operations.

The Employer asserts current compression levels have led to scheduling inefficiencies, since it is the timing of flights and the type of aircraft that determine the number of employees required, and flight schedules are not constructed taking into account "labour constraints such as MOA 12". The Employer contends that, depending on the airport, the current compression levels have required it to add additional time onto its schedule to meet compression requirements or resulted in it being unable to utilize additional compression shifts because doing so would exceed the compression levels stipulated in MOA 12.

With respect to the Union's responding proposal to increase to maximum compression levels in MOA 12, the Employer indicates that while this would provide *some* additional flexibility in stations where the maximum compression levels were low, it does not provide the necessruy amount of flexibility sought by the Employer. Nor, in the Employer's submission, does the Union's responding proposal take into account the significant changes to the Employer's operations

since 2011 and the need for flexibility to ensure a flight- driven scheduling approach.

The Employer submits that its compression levels proposal would very likely have been achieved in bargaining. In its submission, the Employer has demonstrated a need for this change, and its proposal of aligning scheduling with flights is consistent with the approach applied in collective bargaining in 2011 that resulted in MOA 12. Further, the Employer argues there are both external and internal comparators which provide it the ability to schedule employees based on commercial schedule of the operations. The Employer points to the Union's collective agreement with Swissport Canada Inc., as well as its collective agreement for its cabin crew employees represented by the Canadian Union of Public Employees and pilots represented by the Air Canada Pilots Association. The Employer stresses that the impact of the current compression levels is that scheduling cannot be created according to flight demands and it therefore cannot run its operations in an efficient manner. For all of these reasons, the Employer submits its proposal ought to be awarded.

The Union's Position on the Employer's Compressed Schedule Proposal

As stated previously, the Union's primary position in this matter is that the "status quo" ought to be maintained with the exception of the pension cap issue. Its secondary position is that, if the Employer's compressed scheduled proposal is granted, its proposals as set out in its February 11, 2020 list ought to be awarded to the extent that any related cost increase to the Employer is offset by the cost savings to the Employer.

On the merits of the Employer's proposal, the Union's submits that the Employer's proposal is a clear example of a breakthrough item that should not be awarded at interest arbitration. The Union states it has consistently and expressly rejected the Employer's attempts to broaden its discretionary authority over the use of compression schedules in bargaining. Its view is that the MOA 12 is a compromise between the Employer's objective of obtaining access to compression schedules to increase efficiency and the Union's objective of ensuring predictability of work schedules for its members.

In the Union's submission, awarding the Employer's proposal would be inconsistent with the principle of replication given it is an item the Company did not and could not achieve at bargaining. Further, the Union asserts awarding the proposal would be inconsistent with the principle of gradualism and, moreover, inconsistent with the "fundamental intent of the Framework Agreement", since it strips the benefit of a central feature of the negotiated agreement that gave rise to the 10 year Framework MOA.

III. THE ROLE OF AN INTEREST ARBITRATOR

Prior to addressing the issues in dispute, I will briefly set out the role of an interest arbitrator in a dispute of this nature. Stated succinctly, the role of an interest arbitrator is to craft a collective agreement replicating an agreement the parties would have ultimately reached on their own within the confines of the

reopener set out above.

Arbitrator Burkett discussed the guiding principles of interest arbitration in *Air Canada and CAW* (unreported) September 16, 2011, wherein he summarized these principles as follows:

> The terms replication, gradualism and demonstrated need are used to describe the guiding principles of board of interest arbitration. Replication refers to the objective of fashioning an award that, to the extent possible, replicates the settlement the parties would have reached had the dispute been allowed to run its full course. In this regard, interest arbitrators look to benchmarks in the community (in our case in other major Canadian corporations and in the airline industry) and to the bargaining history between the parties.
>
> The principle of gradualism reflects the reality that collective bargaining between mature bargaining parties, as these are, is a continuum that most often accomplishes gradual change as distinct from drastic change. It follows that absent compelling evidence, an interest arbitrator will be loath to award "breakthrough" items.
>
> The principle of demonstrated need, as applied to a major economic item, provides a counterbalance to the principle of gradualism. It does so by establishing the basis upon which a board of interest arbitration will award a "breakthrough" item. A party seeking a major or even a radical change must convincingly establish the need for such change; hence the term demonstrated need.

In the present case, I am bound by the specific provisions of the Memorandum of Agreement itself – specifically Sections UJ and (k) which give very clear direction to this board as to what the parties intended. Put bluntly, Sections Ul and (k) make clear the principles which bind this board: the replication principle, the terms and conditions of employment of comparable employees, the impact on the Company including the cost impact and any other factor I consider relevant.

The replication principle of interest arbitration necessarily requires careful assessment of the factors that would drive a freely negotiated resolution, bearing in mind it is the parties' own refusal to make the necessary compromises to achieve a negotiated settlement that has necessitated third party intervention. As I have stated in previous awards, the decision of an interest arbitrator should be guided by the principles of replication and conservatism, taking into account the context of the negotiations and the history of the bargaining relationship between the parties. Several factors may be considered in this determination, including the relative position of the parties, relevant comparable wage settlements, relevant statutory provisions, economic impact of the award on the Employer, and projected cost of living increases (see *Nelson (City) and Nelson Firefighters Assn. (Wage Grievance),* [2010] B.C.C.A.A.A. No. 174 (McPhillips); *City of Fernie and CUPE, Local 2093* (1990), 22 C.L.A.S. 95 (Ready); *B.C. Ferry Seroices Inc. v. B.C. Ferry & Marine Workers' Union,* [2004] B.C.C.A.A.A. No. 99

(Ready); and *Western Canadian Coal Corp. v. Construction and. Allied Workers' Union, Local 68,* [2010] B.C.C.A.A.A. No. 127 (Ready).

An arbitrator must act without concern to the parties' respective self- imposed subjective limitations and criteria, but rather must have regard to the objective economic realities and market forces that would ultimately have forced the parties themselves to a settlement.

IV. DECISION ON ALL INTEREST ARBITRATION PROPOSALS EXCEPT THOSE PERTAINING TO THE PENSION CAP ISSUE

I start by recognizing the enormous and devastating impact of the global COVID-19 pandemic on the airline industry as a whole which is undisputed. With respect to Air Canada specifically, the pandemic has caused it to cut its operations by 90%, closing 8 stations and canceling at least 30 routes, and laying off approximately 50% of its total workforce. [1] These are unprecedented times for the aviation industry and, in my view, a time to approach changes to the Collective Agreement cautiously.

With that in mind, and applying the specific criteria set out in sections U) and (k) of the MOA in this interest arbitration proceeding, I am not persuaded the Company has established a demonstrated need to change the compression levels during the term of this Agreement. Despite making an "ability to pay" argument, I note the Employer emphasizes in its submission that cost savings is not the driving force behind its proposal. Truly, what the Employer is seeking is an enhanced management right to schedule without the freely- negotiated restrictions currently found MOU 12. However, having regard to replication theory – and the Union's rejection of a similar proposal in 2012 – and the overall uncertainty within the industry as a whole, I am not prepared to award this change at this time. In so finding, I agree with the Union that the change sought by the Employer cannot properly be characterized as an "adjustment" of the existing language, but rather puts forward a conceptually different approach to compression scheduling that constitutes a significant departure from the bargain struck by the parties in MOU 12 and in place when the parties negotiated the ten-year framework MOA. As noted by Arbitrator Goodfellow in *Air Canada v. Air Canada Pilots Assn. (Share Ownership Plan Grievance),* [2019] C.L.A.D. No. 181, the Employer has greatly benefitted from the labour stability of the MOA, which he described as "a watershed in the parties' collective bargaining that has undoubtedly contributed to the success of the Company".

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1 Air Canada Reports Second Quarter 2020 Results, Air Canada News Release dated July 31, 2020.

Given that I have declined to award the Employer's compression schedule proposal, I find I am unable to award any of the Union's proposals given that each of them would increase the "total cost of the Company's obligations under the Collective Agreement" which is impermissible under the terms of the MOA without correlating cost savings. The MOA makes clear that any changes negotiated during the ten-year term that would increase the Employer's operational costs must be offset by cost savings. Further, I accept and adopt the Union's primary position that, with the exception of the maximum pension cap issue, it is appropriate and in line with interest arbitration principles including the replication theory that the *status quo* ought to be maintained during the life of the 2019-2022 Collective Agreement.

In sum, in light of the MOA provisions and the current economic climate in the airline industry, coupled with the impact that COVID-19 has had and is having and continues to have on the industry, it is my award that the current provisions of the Collective Agreement, except for items which the parties agreed to during direct negotiations and mediation proceedings, be renewed until the expiry of the 2019-2022 Collective Agreement.

As noted, this is not the case with the maximum pensionable earnings cap, which the parties have treated separately in bargaining and which is not subject to the same cost neutrality requirement as the other proposals submitted to this Board of Arbitration. I therefore now turn to this issue.

V. THE MAXIMUM PENSION CAP

The Defined Benefit Plan and Multi-Employer Pension Plan

Before delving into the maximum pensionable earnings cap issue, it is useful to set out some background to the issue. At present, there are two pension plans affecting members of the bargaining unit, namely, the Air Canada Defined Benefit Plan ("DBP") and the Multi-Employer Pension Plan ("MEPP").

The DBP has been in place for quite some time and consists of four unionized employee groups working for the Employer: IAMAW, CUPE, Unifor CSS agents and Unifor Crew Schedulers.

In the early 2000s, the Employer sought protection under the *Companies' Creditor Arrangement Act* ("CCAA"), and concerns around unfunded liabilities in the DBP were a central issue in those proceedings. As a condition for emergence from *CCAA* protection, special regulations were adopted by the Federal government providing for solvency funding relief to the Employer in relation to these unfunded liabilities in the DBP.

In 2010, following another corporate restructuring, the parties negotiated for new hires to become part of the MEPP, while existing employees would continue their participation in the DBP. The Employer subsequently changed investment strategies and, beginning in 2015, the DBP posted its first solvency surplus since 2001. In fact, the DBP has posted an enhanced solvency surplus each year since 2015 – despite the fact that the Employer began taking pension

contribution holidays in 2016, and has continued to do so each year since that time.

The Union's DBP Maximum Pension Cap Proposal

This bargaining issue centers around the current pensionable earnings cap of $82,000 in the DBP, which has remained unchanged since 2003. At present time, the only employee group impacted by the pension cap is the licensed mechanics, whose average salary in 2020 was $93,000 exclusive of overtime. The Union seeks to have this cap removed entirely.

The Union's concern is that the cap results in affected members receiving a lesser pension benefit and one that is proportionally less than other employees. On the latter point, the Union observes that a member making $93,000 with 35 years' service will end up with a pension of $52,400 instead of $60,025 as a result of the present cap – or, put another way, 12.7% less than if there were no cap.

The "maximum cap" issue was one of three pension improvements tabled by the Union during negotiations in 2015, and garnered significant discussion during that round of bargaining. The parties reached impasse on this issue on December 18, 2015. As previously noted, the parties' inability to resolve this issue in bargaining led to the signing of the Pension Cap letter, which is set out earlier in this Award, and which exempts this issue from the maximum 10 permissible interest arbitration items in section 7(e) of the MOA.

According to the Union, the pension cap issue was central in bargaining and was of sufficient significance that an agreement could not be finalized because of the Employer's refusal to entertain any pension improvements. At that time, the Union notes, the Employer asserted it was "too early" to talk of changes to the pension plan given that the DBP had only just "come off life- support". However, the Union argues it can no longer be characterized as "too early to talk of a cure" given the financial health of the pension plan currently.

In the Union's submission, interest arbitration principles – namely, the replication principle, comparators, and the impact of the proposal on the Company – all favour its position that the pension cap ought to be eliminated. The Union asserts the cap should be eliminated entirely as opposed to merely raised given the "immaterial" cost difference, and the fact that this change would resolve this issue in perpetuity. The Union therefore requests the maximum cap be lifted as of the effective date of the 2019-2022 Collective Agreement, and that affected members be provided the option to make additional contributions for 2019 and 2020.

The Union relies on the Employer's own estimates that the total increase in liabilities to the plan resulting from lifting the cap to be about $72.4 million – which would reduce the solvency surplus from about 116.5% to 114%. As an ongoing concern, it notes, the surplus would reduce from 143.5% to 141%. The Union submits that, given the Employer's investment strategy, the funded position of the plan will likely remain stable. According to the Union, this change is likely to

have no "out of pocket" cost to the Employer, and little percentage drop in the substantial surplus in the pension plan or on the capacity of the plan to sustain contribution holidays across the term of the Collective Agreement. According to the Union, there is no "air of reality" to the Employer's submission that the 'volatility" in the solvency position of the DBP remains a threat to its financial health. The Union points to the various aspects of the Employer's pension risk mitigation strategy including the closing of the DBP to new members in 2012, the stability of its investments and the fact that 75% of its liabilities are fully immunized against volatility through asset liability matching.

The Union notes that at the time the current pension cap level was negotiated in 2003, it was well in excess of the highest non-overtime salary, with the top annual salary at that time being $65,874. The Union submits that the fact it has not been raised since 2003 is the byproduct of the significant problems the pension plan was having at that time, noting these problems have since been adequately resolved. The Union points to the changes it agreed to as part of the *CCAA* process – indicating that improvements to the pension plan are "overdue". In the Union's submission, the pension cap was not originally directed to barring members from making pension contributions on their non-overtime wages. It notes that as a result of the restrictions that were put in place as part of the regulatory relief it supported, this could not be corrected until 2016, and it remains uncorrected as at the present date.

The Union states the pressure to reach a satisfactory resolution to this issue has only intensified since bargaining, given "the Union's sense of betrayal" resulting from the contribution holiday commenced by the Employer the following year. The Union stresses that its proposal has little-to-no financial impact on the Employer and is required for equity and fairness.

According to the Union, its proposed elimination of the pension cap ought to be retroactive to the effective date of the 2019-2022 Collective Agreement. In its submission, affected members ought to be provided the option to make additional contributions for 2019 and 2020, and the Arbitrator should remain seized on any issues arising from implementation of this change.

The Employer's Position on the Pension Cap Issue

The Employer contends there should not be any improvement granted to the DBP. Alternatively, in the event any improvements are granted in respect of the pension cap, the Employer submits such improvements ought not be applied retroactively.

The Employer notes that pension caps have been a consistent feature of the DBP, and each of the participating employee groups are subject to a different pension cap. With respect to the Union's assertion that removal of the pension cap is required to restore equity amongst bargaining unit employees, the Employer takes the position that any such issues were created by the Union itself and the result of internal Union politics and divisions within the bargaining unit. The Employer rejects the premise that the Union made any greater concession than the other airline unions as part of the Employer's restructuring,

explaining that each union negotiated its own reductions in their pension arrangements within the same framework. The Employer dismisses the Union's contention that improvements to the pension plan are somehow now "overdue".

The Employer denies that the Union had any involvement in setting the Company's investment policy and asserts that, in any event, any such policy has no significance to the issues. While the Employer has been successful in bringing back the financial health of the DBP, it submits the DBP continues to represent a threat to its financial position. Further, the Employer implores that it is unable to absorb the material and significant one-time impact of adjusting or removing the pension cap and that it does not have the "ability to pay" for the financial consequences.

The Employer notes that there are other employee groups in the DBP with a greater percentage of employees affected by the pension cap, and submits that the average pension with the current cap along with pension from government puts IAMAW at well-above the 70% of pre-retirement earnings recognized in the industry as appropriate. The Employer points to the more generous design features of the DBP such as unreduced pension as early as age 55 with 80 points and the Employer's agreement.

The Employer argues application of the replication theory supports its position. The Employer explains that in recent rounds of bargaining, it has consistently refused to increase the cap on pensionable earnings for comparable employee groups. In the Employer's submission, the Union would not have achieved such a result in open bargaining. Increases in pension caps were granted in the past as a result of bargaining and having regard to the monetary implications of such improvements on the financial results of the Employer.

The Employer's principal competitors – including WestJet, Porter Airlines and Air Transat – do not provide defined benefit pension plans. The Employer submits that maintaining defined contribution plans, retirement savings plans, or share purchase plans are far less financially onerous and result in more predictable costs. As such, the Employer submits that the external comparators do not support the improvements sought by the Union.

The Employer notes it has only recently emerged from a period of massive pension plan solvency deficits which threatened the plan's viability. Even with the present surplus, it states, the volatility in the solvency position of the DBP remains a threat to the Employer's financial health. According to the Employer, there is no guarantee surpluses will remain or continue. As with the other Collective Agreement improvements sought by the Union, the Employer points to the current COVID-19 pandemic and resulting impact on the Employer's financial position.

The Employer submits that the fact it has taken a contribution holiday since 2015 is of no import to the present issue, since it would be required to resume contributions if the DBP were to return to a deficit position. It submits this 'would be extremely detrimental to the Company given its current financial circumstances." The Employer stresses it retains the risk of any future deficit in

the DBP, and that the plan is not immune from risk.

Accordingly, any increases to its obligations under the DBP must, in the Employer's submission, be avoided at all cost to avoid any possible threats to the financial viability of the Company particularly given the current circumstances arising from the COVID-19 pandemic, the size of the pension plan, and the impact of reduced interest rates moving forward. On this point, the Employer relies on cost estimates it obtained from Mercer in respect of both the Union's proposal of lifting the pension cap altogether as well as increasing the pension cap to $94,000 or $96,000 which it submits illustrates the sensitivity to decreasing interest rates of lifting or removing the cap.

Mercer calculates the one time increase in pension expense of removing the pension cap altogether at the current interest rate to be $110.3 million, and with a sensitivity interest rate at $116.9 million. According to Mercer's analysis, the annual increase in pension expense to be $7.4 million at the current interest rate and $7.7 million at a sensitivity rate. With respect to increasing the pension cap, Mercer's calculations were as follows:

P&L Impact	**Additional Immediate One-Time Increase in Pension Expense**		**Increase in Annual Pension Expense**	
Interest rate applicable	*Current Rates*	*Sensitivity Rates*	*Current Rates*	*Sensitivity Rates*
Increase Pension Cap from $82K to $88K	$53.6 Million	$56.6 Million	$3.7 Million	$3.9 Million
Increase Pension Cap from $82K to $94K	$99.5 Million	$105.3 Million	$6.9 Million	$7.1 Million
Increase Pension Cap from $82K to $96K	$104.2 Million	$110.3 Million	$7.2 Million	$7.4 Million

VI. DECISION ON PENSION CAP PROPOSAL

As can be seen from the submissions and throughout bargaining between these parties, this pension issue has been and remains contentious.

I start by observing as I have earlier in this award, that it is beyond dispute that the airline industry is in a financial slump resulting from the world-wide COVID-19 pandemic. As previously noted, the Employer has made major changes to its operations in response to the pandemic, including significant service reductions and staff layoffs.

That said, I find the pandemic has not had a significant impact on the solvency of the DB pension plan. Indeed, the DBP continues to enjoy a very significant and stable surplus that has allowed the Employer to take a contribution holiday each year since 2016. I note both parties have both relied on Mercer's figures, and that it is undisputed that as of January 1, 2020, the DBP was 116.5% funded on a solvency basis and 143.5% funded on a going concern basis. According to a press release issued by Air Canada on March 16, 2020:

> As at January 1, 2020, the aggregate solvency surplus in Air Canada's domestic registered pension plans was $2.6 billion. Total employer defined benefit pension funding contributions are projected to be $100 million in 2020 ($109 million in 2019) and no additional contributions are required as a result of changes in interest rates. Air Canada has a significantly lower exposure to a decrease in interest rates and reduction in market equity values due to its pension risk mitigation strategy and, as a result, it expects to maintain a significant pension solvency surplus in its domestic registered pension plans for the year. [2]

Certainly, the surplus appears sufficient to allow this contribution holiday to continue throughout the term of the 2019-2022 Collective Agreement and very likely beyond. I accept that the plan size and surplus is more than sufficient to absorb the additional liabilities created by raising the maximum pension cap.

Applying principles of replication, I am persuaded the Union would have been successful in raising the current cap on maximum pensionable earnings if left to their economic devices in free collective bargaining. In so finding, I note that raising the cap is consistent with the parties' bargaining history and with the notion of gradualism discussed earlier in this Award. By contrast, entirely eliminating the cap would, in my view, constitute a "breakthrough" item for the Union, and is unlikely to have been achieved at the bargaining table.

In finding it appropriate to raise the cap rather than eliminate it entirely, I have also considered that pension caps exist in respect of other bargaining units at Air Canada. Unlike the cap presently applicable to IAMAW members, however – which limits members at the top end of the wage scale from having all of their otherwise pensionable earnings credited – those caps applicable to other bargaining units do not have the same impact on the pensions of the employees in those bargaining units. Put another way, and more starkly, the employees at the top of the IAMAW wage scale earn considerably more than employees at the top wage brackets in other bargaining units except for the Pilots. While the Employer included in its submission a comparison of the level of the cap against the average pensionable earnings in each bargaining unit, this analysis is not particularly helpful given the wide range of earning levels in each bargaining unit and the fact that the cap on maximum pensionable earnings affects only the highest-waged members of the unit. I am therefore not persuaded that looking at the average wages earned by employees in various bargaining units is the appropriate measure of determining the impact of a pension cap.

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2 https://aircanada.mediaroom.com/2020-03-16-Air-Canada-Provides-Update-on-Response-to-Covid19

While I accept that changes to accounting standards mean that increasing the pension cap may have some greater degree of impact on the Employer's finances than previous increases, I am not convinced this is a significant factor given the current size of the surplus and the relatively minimal cost associated with raising the cap. As borne out from the cost calculations completed by Mercer (referenced on page 31 of this Award), I find the cost of raising the pension cap inconsequential in relative terms regardless of how the Employer is required to report this change in its financial statements. Similarly, I do not find the Employer's concern regarding the future impact of potentially declining interest rates is sufficiently compelling when the present surplus and pension solvency is looked at holistically. In so stating, I observe that the Master Trust Fund held $22.9 billion of assets as of September 30, 2020 and the Employer reported a 12.4% rate of return for the 9 months ending September 2020. Even if this significant increase in assets were to be offset to some degree by an increase in actuarial liabilities flowing from a decline in interest rates, I accept the plan would remain in strong financial shape. I am buttressed in this view given that the DBP has continued to maintain a stable investment profile even throughout the pandemic.

Having taken into consideration the above factors, I believe an appropriate balance is to raise the pension cap to $94,000. This adjustment will ensure employees on the higher end of the wage scale will have their regular earnings counted as pensionable time. As already stated, I find this incremental approach most consistent with interest arbitration principles. Further, I note the parties are free to revisit the appropriateness of this cap in future rounds of bargaining.

In sum, I award that the pension cap be increased to $94,000. With respect to the issue of retroactivity, I refer that matter back to the parties for resolution. Ifthe parties are unable to agree on this matter, either side may refer it back to me with future submissions, if necessary. In any event, I remain seized of any disputes arising out of the interpretation, application, operation, implementation or alleged violation of this Award.

It is so awarded.

Dated at the City of Vancouver in the Province of British Columbia this 12th day of April, 2021.

Vincent L. Ready

SECTION 2

ALL MEMBERS

AIR CANADA – IAMAW Negotiations

FINAL AGREED TO LANGUAGE

Date: March 26th, 2019

Article: 10.02.12.04

Issue Number: U10

Version: #1

10.02.12.01 TIME BANK

10.02.12.01 At the end of each pay period, all time credits will be paid at the hourly rate. However, at the request of the employee, credits and debits may be accumulated in a Time Bank.

10.02.12.02 Employees electing to participate in the Time Bank shall commence accumulating time credits on the second pay period following advice to the Company on the appropriate form.

10.02.12.03 The use of Time Bank hours shall be subject to Supervision's prior approval, consistent with the manpower requirement of the Company and employee recognition that it may not always be possible to allow time off.

10.02.12.04 The Time Bank shall be limited to plus two hundred (+200) hours and minus twenty-four (-24) hours.

NOTE: Part time employees may participate in a plus one hundred (+100) hour Time Bank.

10.02.12.05 At the end of each pay period, all time credits, in excess of the maximum time credits, will be paid at the hourly rate in accordance with Article 10.02.03.

10.02.12.06 In the event an employee's Time Record is standing at a minus figure of more than twenty-four (-24) hours, such time will be deducted in accordance with Article 10.02.04.

10.02.12.07 Employees electing to utilize the Time Bank shall advise the Company on HR Connex by completing the appropriate form. Once having elected to participate in the Time Bank, the arrangement shall continue until such time the employee subsequently advises the Company, HR Connex, of his desire to opt out of the Time Bank. If an employee opts out, he may only elect to utilize the Time Bank again at the beginning of a subsequent year.

10.02.12.08 Employees participating in the Time Bank may elect to have positive time credits paid out at each pay period.

10.02.12.09 When clearance has been requested, all time credits or debits will be provided on the pay cheque no later than the second pay period following the written request.

10.02.12.09 Employees participating in the Time Bank shall have all credits/debits cleared at their rate of pay of the pay period in which the clearance occurs.

10.02.12.10 For Technical Services and Logistics & Supply on or about February 1st, 2016 and on or about April 1st, 2017 up to and including April 1st, 2025, the Company will deposit twenty (20) hours into each full-time employee's Time Bank.

NOTE: Should an employee elect not to participate in the Time Bank twenty (20) hours will deposited on the corresponding pay period referenced above.

10.02.12.11 In order to be eligible for the above, an employee must have worked at least one (1) day within the previous calendar year.

10.02.12.12 For Airports & Cargo on or about February 1st, 2016 and on or about April 1st, 2017 up to and including April 1st, 2025, the Company will deposit sixteen (16) hours into each full-time employee's and 8 hours into each part-time employee's Time Bank.

NOTE: Should a Full-time employee elect not to participate in the Time Bank sixteen (16) hours will deposited on the corresponding pay period referenced above.

NOTE: Should a Part-time employee elect not to participate in the Time Bank eight (8) hours will deposited on the corresponding pay period referenced above.

10.02.12.13 In order to be eligible for the above, an employee must have worked at least one (1) day within the previous calendar year.

Company:

John Beveridge

Andrea Zaffarano

Emma Heslop

Union:

Steve Prinz

Paul Lefebvre

AIR CANADA – IAMAW Negotiations

FINAL AGREED TO LANGUAGE

Date: June 4th, 2019

Article: 13.09 – Vacation Proration

Issue Number: U17 (common item)

Version: #1

13.09 In any given year, the vacation entitlement of an employee absent on account of illness or parental leave for more than 60 consecutive days will be pro-rated.

Company:

John Beveridge

Andrea Zaffarani

Bryan Sequeira

Union:

Steve Prinz

Paul Lefebvre

AIR CANADA – IAMAW Negotiations

FINAL AGREED TO LANGUAGE

Date: March 26th, 2019

Article: Memorandum of Agreement 5

Issue Number: U28

Version: #1

March 29th, 2019

Mr. Steve Prinz
IAMAW Bargaining Chairperson
District Lodge 140
International Association of Machinists & Aerospace Workers

Dear Steve,

As discussed during the 2019 round of collective bargaining, an addition will be made to Memorandum of Agreement 5 of the collective agreement. The addition will consist in the integration, into the grid page 266 (vacation entitlement for 4/2 cycle with a 3-week vacation entitlement), of a second 2-1 split as follows.

2a. Three weeks (Split 2-1 weeks)

Two weeks – 8 working days Last period – 7 working days TOTAL – 15 working days

The above split will block no more than three (3) weeks for the purposes of vacation bidding.

The parties will meet within sixty (60) days of ratification regarding the above to ensure the addition is finalized prior to printing of any new collective agreement (if required).

Sincerely,

_____
John Beveridge
Senior Director, Labour Relations

Company:

John Beveridge

Andrea Zaffaroni

Emma Heslop

Union:

Steve Prinz

Paul Lefebvre

AIR CANADA – IAMAW Negotiations

FINAL AGREED TO LANGUAGE

Date: June 4th, 2019

Article: NA

Issue Number: U 29 b) Contraception

Version: #1

June 4th, 2019

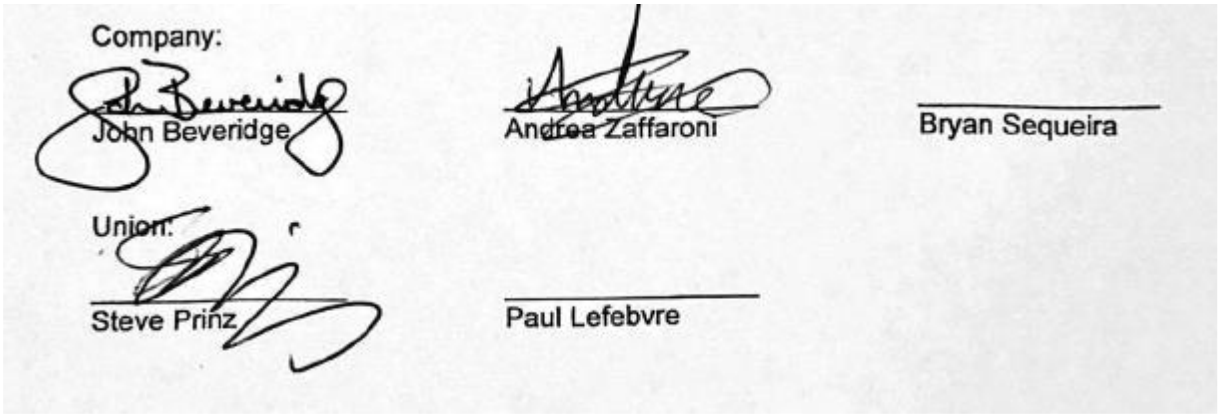
Mr. Steve Prinz
IAMAW Bargaining Chairperson
District Lodge 140
International Association of Machinists & Aerospace Workers

Dear Steve,

As discussed during the 2019 round of collective bargaining, the Company will reimburse the reasonable and customary cost of oral contraception and I.U.D. coverage subject to Company policies.

Sincerely,

_____
John Beveridge
Senior Director, Labour Relations



AIR CANADA – IAMAW Negotiations

Union Disclosure Request

Date: June 6, 2019

Issue Number: U29g Disclosure

Mr. Steve Prinz
IAMAW Maintenance Committee Bargaining Chairperson
District Lodge 140
International Association of Machinists & Aerospace Workers

Dear Steve,

In regard to the Union's request under U29g to have a copy of all the benefit plan documents, Air Canada agrees to grant access to the Union to the specific documents which are required in regard to a benefit item that is part of the bargaining discussions.

Access shall be provided through the bargaining data room, subject to the signing of the standard NDA including, in particular, the condition that any document or information shared shall not be used outside of bargaining as per our standard practice.

Sincerely,

John Beveridge
Director, Labour Relations

AIR CANADA – IAMAW Negotiations

FINAL AGREED TO LANGUAGE

Date: March 26th, 2019

Article: Letter of Understanding 30

Issue Number: U33

Version: #1

Letter of Understanding No. 30

Short-Term Disability Benefits Disputes

BETWEEN:

International Association of Machinists and Aerospace Workers and its District Lodge 140

(the "Union")

-and-

Air Canada

(the "Employer")

WHEREAS the Union and the Employer are parties (the "Parties") to a collective agreement which is in effect until March 31, 2019 (the "Collective Agreement");

WHEREAS the Collective Agreement provides for a Group Disability Income Plan (the "Plan") which includes a short-term disability component ("STD Benefits") managed by a third party administrator (the "Plan Administrator")

WHEREAS from time to time grievances have been filed by the Union alleging a wrongful denial of STD Benefits ("STD Disputes");

WHEREAS during the negotiations for the renewal of the Collective Agreement, the Parties have discussed the manner in which STD Disputes can be resolved in an efficient and timely manner;

WHEREAS the Parties wish to enter into the present Letter of Understanding ("Agreement") to reflect their agreement to implement a dispute resolution mechanism to resolve STD Disputes on a trial basis;

NOW THEREFORE, the Parties agree as follows:

1. The preamble shall form an integral part of this Agreement.

Appeal Process

First Level Appeal

2. Employees who wish to appeal the denial or discontinuance of STD Benefits shall do so in writing to the Plan Administrator within the timelines prescribed by the latter in the Plan.

3. An appeal must be submitted in writing and include new medical information for review.

4. Once an appeal is filed, the Employee must comply with all instructions of the Plan Administrator in a timely manner until such time that a decision is rendered.

5. The Plan Administrator will provide the Employee with a written decision which will normally include detailed reasons.

Second Level Appeal

6. If a first level appeal is dismissed, the Employee may file a second level appeal by providing written notice to the Plan Administrator within seven (7) calendar days of the notification of the first level appeal decision.

7. A second level appeal will be decided by an independent medical examiner, experienced in occupational health, agreed-to by the Parties ("IME"). If the Parties are unable to agree within twenty-one (21) calendar days from the notice to appeal, either party can make a request to the Minister of Labour for the appointment of an IME.

8. Upon the filing of a second level appeal, the Employee shall provide both Parties with written consent authorizing the disclosure by the Plan Administrator of all relevant information directly to the IME and the representatives of the Parties who have carriage of the appeal.

9. The IME shall undertake a review of the information provided by the Plan Administrator as soon as possible following his or her appointment.

10. The IME may hold a fact-finding meeting with the Parties to ascertain the issues and facts prior to rendering a decision, including with respect to the requirements of the Employee's position. If a fact finding meeting is held, the IME shall allow the Employee, a representative from the Union, the Employer and the Plan Administrator the opportunity to present their case. The Parties shall not be represented by lawyers, and no witnesses will be allowed to testify.

11. The IME will determine, through objective medical evidence in the file provided by the Plan Administrator, any functional restrictions or limitations, and compared to the requirements of the Employee's position, whether the Employee is capable of fulfilling the requirements of the Employee's position with or without accommodation. In so doing, the IME will determine the severity of the medical condition and its anticipated duration. The IME will also determine the anticipated duration of any restrictions or limitations. The IME may also provide recommendations to permit the Employee to return to work.

12. The costs of the IME, including those associated with the fact finding meeting, if any, shall be shared equally between the Parties.

Employee Status

13. Employees who have filed a first or second level appeal and who have provided the Plan Administrator with medical documentation from their treating physician attesting to their inability to return to work, with or without accommodation, will be considered on a personal leave of absence until such time that a decision has been rendered on the first or second level appeal, as the case may be.

14. During such time that employees are on a personal leave of absence, eligibility for benefits and privileges shall be in accordance with the Employer's policies.

15. Employees who fail to appeal a decision within the timelines prescribed by the Plan or this Agreement, or who fail to comply with the instructions of the Plan Administrator or the IME, will be required to return to work forthwith and, should they fail to do so, will be considered to be on an unauthorized absence. In either case, the initial decision of the Plan Administrator will be considered final.

Grievance Procedure

16. Decisions made by the Plan Administrator or the IME are not subject to the grievance procedure in the Collective Agreement.

17. In the event a grievance raises, directly or indirectly, the conclusions of the Plan Administrator or the IME, the arbitrator hearing that grievance shall be bound by the conclusions contained in the decision of the Plan Administrator or the report of the IME.

Miscellaneous

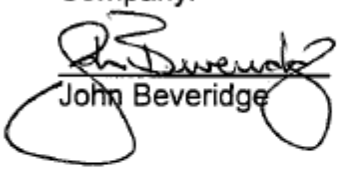
18. This Agreement will be implemented on a trial period basis for a duration of three (3) years until March 31st, 2022.

19. Within ninety (90) days of the end of the trial period, the Parties will meet to discuss the renewal of this Agreement. If no agreement on renewal is reached at to end of the trial period, either Party may, provide the other with written notice advising of its intent to withdraw from this Agreement no sooner than thirty (30) business days following the date of such notice.

20. This Agreement applies only to STD Disputes and shall have no application to disputes concerning long-term disability benefits. The Plan Administrator has sole jurisdiction in adjudicating long-term disability claims and making the decisions regarding eligibility for long-term disability benefits.

21. In the event of conflict between any provision of this Agreement and the Collective Agreement, this Agreement shall prevail with respect to the subject matter of the conflict.

Company:

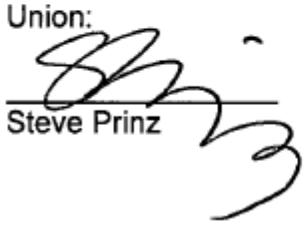


John Beveridge

Andrea Zaffaroni

Emma Heslop

Union:



Steve Prinz

Paul Lefebvre

SECTION 3

AIRPORTS, CARGO, CEQ

AIR CANADA – IAMAW Negotiations

FINAL AGREED TO LANGUAGE

Date: March 6th, 2019

Article: Appendix XXXXIII

Issue Number: UA26

Version: #1

APPENDIX XXXXIII – Vacation & General Holidays

March 5, 2019

Mr. Steve Prinz
IAMAW Bargaining Chairperson
District Lodge 140
International Association of Machinists & Aerospace Workers

Re: Collective Bargaining 2019 -Item UA26 Article 13.12 and 13.13 Vacation & General Holidays

Dear Steve,

As discussed during the collective bargaining process, a continuation of the previous type trial is agreed to.

As a result, by June 1, 2019 employees may advise the company of their intent to have General Holiday entitlements (40 hours for Full-Time and 20 hours for Part-Time) deposited in their Time Bank in lieu of taking the time off.

This type trial is in place until March 31st, 2026. However, the Company retains the ability to discontinue the type trial in one or more locations prior to March 31st, 2026, upon written notice to the Union. Should the type trial be terminated, point 2 of Article 13.12 will be applied with an amendment providing that the residual total of rounding down and 80% of the GHO liability will be distributed at the Company's discretion. The remaining 20% of the GHO liability will be added to the vacation liability and calculation as per point 1 of Article 13.12.

Regards,

John Beveridge
Director, Labour Relations

Company:

John Beveridge

Andrea Zaffaroni

Stephanie Haas

Union:

Steve Printz

Paul Lefebvre

AIR CANADA – IAMAW Negotiations

FINAL AGREED TO LANGUAGE

Date: March 16th, 2019

Article: 10.05.06 (New)

Issue Number: UA 3b)

Version: #1

10.05.04 Acting/Relief Assignments - Lead Station Attendant

10.05.04.01 The Company will determine the number of employees needed to meet operational requirements coincidental with the establishment of the manpower requirements of each flight schedule.

10.05.04.02 Employees will be advised of the estimated acting/relief requirements (number of Acting Lead Station Attendants required}, in advance of such schedule changes (local notice).

10.05.04.03 Consideration will be given in order of seniority to interested Station Attendants who have passed the qualifying examinations (LOU #29).

10.05.04.04 During the period of their acting assignment, every effort will be made to provide these employees with the Lead Station Attendant Training Course.

10.05.04.05 An individual with the basic qualifications who has turned down the opportunity to attend a Lead Station Attendant Training Course during the previous twelve (12) months, can be bypassed in the selection of individuals for relief assignments.

10.05.04.06 The acting/relief assignment of a fully qualified employee (LOU #29 and Lead Station Attendant Training Course}, filling such a requirement, will not be terminated unless a more senior "fully qualified" employee is prepared to fulfil the entire assignment (entire flight schedule).

10.05.04.07 An employee who has become "qualified" (LOU #29) will not be required to perform acting/ relief assignments as a Lead Station Attendant. An employee who has become "fully qualified" (LOU #29 and Lead Station Attendant Course) will be required to perform acting/relief assignments as a Lead Station Attendant during the period of one year following his becoming "fully qualified", in situations where normal staffing processes do not provide the required coverage.

10.05.05 Acting/Relief Assignments - Customer Service Agent

a) All Acting Customer Service Agent vacancies (relief assignments) will be filled on a local basis.

b) Lead Station Attendants and Station Attendants, need to have passed (LOU #29) to be considered for Acting Customer Service Agent positions (relief assignments). If possible, individuals selected for such assignments must attend and pass the appropriate baggage and cargo training course(s) prior to performing the relief assignment. If an individual with the basic qualifications has turned down the opportunity to attend baggage or cargo training course(s) during the previous twelve (12) months, he can be bypassed in the selection of individuals for relief assignments.

c) Part-Time Customer Service Agents may be considered for acting/relief assignments in the classification of Customer Service Agent.

NOTE: For the purpose of determining the senior individual, a part-time Customer Service Agent who has no previous service as a Station Attendant will use their date of part time Customer Service Agent.

10.06 Relief Shift Schedules

10.06.01 Relief work schedules will be developed as follows:

10.06.02 Relief required to cover short-term absences will be developed on a 5x2/4x3 base shift patterns based on stations compression percentages. These schedules are not subject to change throughout the work schedule.

10.06.03 Relief assignments for vacation relief employees will be developed following seniority in accordance with preference sheets submitted by relief employees subject to operational requirements and qualifications. Vacation relief employees may be utilized to backfill any absence/vacancy. Employees will be provided seventy-two (72) hours notification for any change in work schedule.

10.06.04 All remaining relief employees will be utilized to backfill any absence/vacancy and their schedule will be subject to change through the life of the work schedule. Employees will be provided seventy-two (72) hours notification for any change in work schedule.

10.06.05 Where possible, schedules will be produced for a minimum of thirty (30) days.

10.06.06 Surplus staff absorbed by the Company will be assigned to a relief schedule over and above the planned Relief requirements. Surplus staff will be planned within the Vacation relief pool as identified in 10.06.03.

10.05.06 Acting/Relief Assignments - Lead Cabin Servicing & Cleaning Attendant

10.05.06.01 The Company will determine the number of employees needed to meet operational requirements coincidental with the establishment of the manpower requirements of each flight schedule.

10.05.06.02 Employees will be advised of the estimated acting/relief requirements (number of Acting Lead Cabin Servicing & Cleaning Attendants required), in advance of such schedule changes (local notice).

10.05.06.03 Consideration will be given in order of seniority to interested Cabin Servicing & Cleaning Attendants who have passed the qualifying examinations (LOU #29).

10.05.06.04 During the period of their acting assignment, every effort will be made to provide these employees with any existing Lead Cabin Servicing & Cleaning Attendant Training Course.

10.05.06.05 An individual with the basic qualifications who has turned down the opportunity to attend a Lead Cabin Servicing & Cleaning Attendant Training Course during the previous twelve (12) months, can be bypassed in the selection of individuals for relief assignments.

10.05.06.06 The acting/relief assignment of a fully qualified employee (LOU #29 and Lead Cabin Servicing & Cleaning Attendant Training Course), filling such a requirement, will not be terminated unless a more senior "fully qualified" employee is prepared to fulfil the entire assignment (entire flight schedule).

10.05.06.07 An employee who has become "qualified" (LOU #29) will not be required to perform acting/ relief assignments as a Lead Cabin Servicing & Cleaning Attendant. An employee who has become "fully qualified" (LOU #29 and Lead Cabin Servicing & Cleaning Attendant Course) will be required to perform acting/relief assignments as a Lead Cabin Servicing & Cleaning Attendant during the period of one year following his becoming "fully qualified", in situations where normal staffing processes do not provide the required coverage.

Company:

John Beveridge

Andrea Zaffaroni

Emma Heslop

Union:

Steve Prinz

Paul Lefebvre

AIR CANADA – IAMAW Negotiations

FINAL AGREED TO LANGUAGE

Date: June 6th, 2019

Article: 17

Issue Number: UA 6 (Time and Attendance)

Version: #1

June 5th , 2019

Mr. Steve Prinz
IAMAW Bargaining Chairperson
District Lodge 140
International Association of Machinists & Aerospace Workers

Dear Steve,

As discussed during the 2019 round of Collective Bargaining, the parties agree to schedule a meeting involving Shop Committee Representative from each Airport location and the Employee Reliability team to discuss the Innocent Absenteeism Program (IAP). The parties envision this meeting to be held by September 1st, 2019.

Sincerely,

_____
John Beveridge
Senior Director, Labour Relations

Company:
John Beveridge
Andrea Zaffaroni
Bryan Sequeira

Union:
Steve Prinz
Paul Lefebvre

AIR CANADA – IAMAW Negotiations

AIR CANADA FINAL AGREED TO LANGUAGE

Date: March 5th, 2019

Article: 6.04.01.02, 6.04.01.03, 6.04.01.05

Issue Number: UA08a, UA08d, UA08d, C10

Version: #2

6.04.01.02 Lead Station Attendant

Addressed to Station Attendants (Full-Time and Part-Time), Airports/Cargo Trainers I and Gate Planners. Selection will be on the basis of Station Attendant Seniority.

NOTE: Secondary consideration to be given to Cargo Communications Operators, Baggage Claim Coordinators, Customer Service Agents – Part-Time, Lead Cabin Servicing & Cleaning Attendants and all Cabin Servicing & Cleaning and Attendants (full time and part-time) at the point only.

6.04.01.03 Customer Service Agent

Addressed to Lead Station Attendants, Station Attendants (Full Time and Part-Time), Lead Cabin Servicing & Cleaning Attendants, Cabin Servicing & Cleaning Attendants, Gate Planners, Baggage Claim Representatives, Airports/Cargo Trainers I and Customer Service Agents – Part-Time. Selection will be on the basis of the applicant's seniority in their most recent basic classification.

NOTE 1: For the purpose of determining the senior applicant, a part-time Customer Service Agent (hired prior to November 1, 2011) who has no previous service as a Station Attendant will use their date of part-time Customer Service Agent.

NOTE 2: Secondary consideration to be given to Cargo Communications Operators, Baggage Claim Coordinators and Cabin servicing & Cleaning Attendants part-time at the point only.

6.04.01.05 Customer Service Agent - Airports (YFC only)

Addressed to Customer Service Agents (Full-Time and Part-Time), Customer Service Agents – Weight & Balance, all Lead Customer Service Agents, Lead Station Attendants and Station Attendants. Selection will be on the basis of the applicant's seniority in basic classification.

NOTE: Secondary consideration to be given to Cargo Communications Operator, Station Attendant – Part Time, all Cabin Servicing & Cleaning Attendant (full time and part-time) and Lead Cabin Servicing & Cleaning Attendant at the point only. Selection will be on the basis of basic classification seniority date.

Company:

John Beveridge

Andrea Zaffaroni

Emma Heslop

Union:

Steve Prinz

Paul Lefebvre

AIR CANADA – IAMAW Negotiations

FINAL AGREED TO LANGUAGE

Date: March 26th, 2019

Article: 6.04

Issue Number: U08c

Version: #1

6.04.01.01 Lead Cabin Servicing & Cleaning Attendant

Addressed to all Cabin Servicing and Cleaning Attendants (full time and part-time), Cargo Communications Operators and Station Attendants – Part-Time. Selection will be on the basis of point seniority.

NOTE: Secondary consideration to be given to part-time Customer Service Agents and Full-time Station Attendants.

Company:

John Beveridge

Andrea Zaffaroni

Emma Heslop

Union:

Steve Prinz

Paul Lefebvre

AIR CANADA – IAMAW Negotiations

FINAL AGREED TO LANGUAGE

Date: March 6th, 2019

Article: 6.03.02.17

Issue Number: UA20

Version: #1

6.03.02.17 The process for employee change of status from a part-time Station Attendant to a temporary or permanent full-time Station Attendant will be as follows:

a) Part-time employees interested in temporary or permanent full time Station Attendant positions must apply on line via HR Connex. Go to eHR Kiosk / IAMAW eVacancy.

b) Unassigned

c) Unassigned

d) Unassigned

e) Unassigned

f) Changes of status to temporary full-time or from temporary full-time, will result in proration of vacation pay for vacation periods affected by any such changes, based on the employment status in which the vacation was earned. Examples are in Letter of Understanding No. 24.

NOTE: If any portion of a month is worked in full-time status, that month shall be credited as a full-time month.

g) Part-time Station Attendant rates of pay, as indicated in Article 6.03.02.04, are applicable to temporary full-time Station Attendant assignments.

h) Scheduled advancement in pay will be applied on a week for week basis when a part-time Station Attendant's status is changed to temporary full-time Station Attendant.

i) If an assignment to temporary full-time Station Attendant exceeds twenty-six (26) weeks, the senior active employee on the transfer list at the point shall be changed to permanent full-time Station Attendant status. Otherwise, the company will fill the vacancy as per the normal staffing procedure.

Company:

John Beveridge

Andrea Zaffaroni

Stephanie Haas

Union:

Steve Prinz

Paul Lefebvre

AIR CANADA – IAMAW Negotiations

FINAL AGREED TO LANGUAGE

Date: March 6th, 2019

Article: 6.03.03.17

Issue Number: UA20 b)

Version: #1

6.03.03.17 The process for employee change of status from a part-time Cabin Servicing & Cleaning Attendant to a temporary or permanent full-time Cabin Servicing & Cleaning Attendant will be as follows:

a) Part-time employees interested in temporary or permanent full time Cabin Servicing & Cleaning Attendant positions must apply on line via HR Connex. Go to eHR Kiosk / IAMAW eVacancy.

b) Unassigned

c) Unassigned

d) Unassigned

e) Unassigned

f) Changes of status to temporary full-time or from temporary full-time, will result in proration of vacation pay for vacation periods affected by any such changes, based on the employment status in which the vacation was earned. Examples are in Letter of Understanding No. 24.

NOTE: If any portion of a month is worked in full-time status, that month shall be credited as a full-time month.

g) Part-time Cabin Servicing & Cleaning Attendant rates of pay, as indicated in Article 6.03.02.04, are applicable to temporary full-time Cabin Servicing & Cleaning Attendant assignments.

h) Scheduled advancement in pay will be applied on a week for week basis when a part-time Cabin Servicing & Cleaning Attendant's status is changed to temporary full-time Cabin Servicing & Cleaning Attendant.

j) If an assignment to temporary full-time Cabin Servicing and Cleaning Attendant exceeds twenty-six (26) weeks, the senior active employee on the transfer list at the point shall be changed to permanent full-time Cabin Servicing & Cleaning Attendant status. Otherwise, the company will fill the vacancy as per the normal staffing procedure.

Company:

John Beveridge

Andrea Zaffaroni

Stephanie Haas

Union:

Steve Prinz

Paul Lefebvre

AIR CANADA – IAMAW Negotiations

FINAL AGREED TO LANGUAGE

Date: March 6th, 2019

Article: 6.04.01.04

Issue Number: UA 24

Version: #1

6.04.01.04 Customer Service Agent – Weight & Balance

Addressed to Customer Service Agents, Lead Station Attendants, Station Attendants and Airports/Cargo Trainers (I and II). Selection will be on the basis of Station Attendant seniority.

Company:

John Beveridge

Andrea Zaffaroni

Stephanie Haas

Union:

Steve Prinz

Paul Lefebvre

AIR CANADA – IAMAW Negotiations

FINAL AGREED TO LANGUAGE

Date: June 3rd, 2019

Article: 10.05 – Relief Duties

Issue Number: UA 3) a

Version: #1

May 2nd, 2019

Mr. Steve Prinz
IAMAW Bargaining Chairperson
District Lodge 140
International Association of Machinists & Aerospace Workers

Dear Steve,

As discussed during the 2019 round of collective bargaining, regarding the application of Article 10.05.01, due to technical system limitations, only paid periods of relief (of at least 1 full work day) in a higher classification occurring after January 151, 2016 shall be accumulated towards the scheduled advancement in pay within the classification scale.

Claims submitted for acting hours worked prior to January 1st, 2016 will be considered only when substantiated with valid documentation such as pay advice statements, e759's etc.

Sincerely,

John Beveridge
Senior Director, Labour Relations

Company:

John Beveridge

Andrea Zaffaroni

Bryan Sequeira

Union:

Steve Prinz

Paul Lefebvre

AIR CANADA – IAMAW Negotiations

FINAL AGREED TO LANGUAGE

Date: June 3rd, 2019

Article: LOU # 15

Issue Number: C4 Carry on/off Lift Team

Version: #1

June 23rd, 2019

Mr. Steve Prinz
IAMAW Bargaining Chairperson
District Lodge 140
International Association of Machinists & Aerospace Workers

Dear Steve,

As discussed during the 2019 round of Collective Bargaining, the carry-on/carry-off customer care assignments in Toronto Airport (Full-time and Part-time) will continue to be covered under the provisions of Letter of Understanding # 15 for the life of the Memorandum (March 31st, 2026).

Sincerely,

John Beveridge
Senior Director, Labour Relations

Company:

John Beveridge

Andrea Zaffaroni

Bryan Sequeira

Union:

Steve Prinz

Paul Lefebvre

LETTER OF UNDERSTANDING
APPENDIX XXV

Further to Appendix XXV, the parties agree that the membership of the IAMAW carrying out work on Air Canada's regional carriers will not be negatively affected as a result of:

a) Current or future joint venture agreements with other carriers or their affiliates, or;

b) Changes in the structure of the commercial relationship between Air Canada and its regional carriers.

This Letter of Understanding is enforceable as part of the Collective Agreement.

December 18, 2015.

FOR AIR CANADA

John Beveridge
Director, Labour Relations

FOR TRANSPORTATION DISTRICT 140

Ken Russell
General Chairperson – DL 140