



# Manitoba Federation of Labour

## Submission to the Standing Committee on Transport, Infrastructure and Communications

**RE. Bill C-10: An Act to Amend the Air Canada Public Participation Act**

**May 9, 2016**

*via videoconference, from Winnipeg*

Thank you for the opportunity to speak to this Standing Committee about Bill C-10, an Act to Amend *The Air Canada Public Participation Act*.

Historically, Air Canada has been a very significant employer and generator of economic activity in Winnipeg, and Manitoba more broadly.

In recent years, however, we have felt the serious adverse effects of Air Canada scaling-back its operations, and moving and eliminating large numbers of jobs from our City.

Air Canada has cut flight attendants, pilots, finance positions, and call centre jobs from Winnipeg. And, of course, mostly recently, we've felt the huge loss of 400 high quality jobs following from the 2012 closure of AVEOS' aircraft maintenance operation in Winnipeg, including some 350 IAM-AW members.

All told, Air Canada's total employment in Manitoba has dropped from nearly 2,400 in 2002, to less than 800 today – a reduction of about two-thirds.

The Bill under consideration today deals most directly with overhaul and maintenance jobs, and specifically proposes to relax existing requirements on Air Canada to maintain jobs – requirements which the corporation has disregarded and failed to honour.

And, the term “relaxed requirements” really doesn't accurately capture what this Bill proposes to do – the amendments before you obliterate Air Canada's obligations to keep good jobs in Winnipeg, rendering them toothless and unenforceable.

The elimination of heavy-maintenance operations in Winnipeg, which occurred with the collapse of AVEOS, is in direct violation of the existing 1988 *Air Canada Public Participation Act*, which explicitly mandates Air Canada to maintain an operational and overhaul centre in Winnipeg (as well as in Montreal and Mississauga).

We know Air Canada's actions violate the current Act because *The Act* is clear, precise and specific.

We also know this to be true because the Quebec Superior Court has told us so.

In response to a suit filed by Quebec in April 2012, and later joined by Manitoba,<sup>1</sup> the Quebec Superior Court ruled that Air Canada was in contravention of *The Act* because it had not maintained required heavy-maintenance operations.<sup>2</sup>

And, when Air Canada appealed this ruling, the Quebec Appeals Court ruled against the corporation.<sup>3</sup>

It has been disappointing that the Government of Canada has thus far refused to enforce its own legislation. This has been even more difficult to rationalize since the Quebec Court ruling against Air Canada.

This *Act*, which privatized Air Canada, intentionally and specifically included requirements to ensure the maintenance of high-skilled, high-tech, good-paying jobs in Winnipeg and other Canadian centres.

This didn't happen by accident.

It happened in response to concerns raised by labour, impacted communities and local and provincial governments at the time about the potential and likelihood of job loss – concerns which have proven to be right on the mark.

The federal government of the day told us not to worry. Canada said jobs would be preserved and maybe even grow.

Similar concerns were raised again after the Air Canada – Canadian Airlines merger<sup>4</sup>, and after the spin-off of what would come to be known as AVEOS.

And, again, we were told there was nothing to worry about because *The Act* guaranteed that jobs would be maintained.

But that hasn't happened.

The closure of AVEOS has cost our community 400 good jobs, and Canada has failed to hold Air Canada to account and enforce the law.

---

<sup>1</sup> Manitoba was granted status as an intervenor in Quebec's suit in September of the same year.

<sup>2</sup> February, 2013.

<sup>3</sup> November, 2015.

<sup>4</sup> 1999/2000.

Instead, the federal government seems to have entered into secret negotiations with Air Canada, resulting in Bill C-10, which removes all substantive requirements for Air Canada to do its work in Winnipeg and other parts of Canada.

Section 2 of the Act allows Air Canada to change “the type or volume” of any of its maintenance work, and change “the level of employment” in those activities. This amounts to a total and complete gutting of the current job and operation requirements of the Act.

Now Air Canada tells us that they’re working to establish a so-called “centre of excellence” in Winnipeg. In mid-March of this year, the corporation announced that it had concluded a deal with Manitoba – a deal which is said to take the form of an MOU – which is supposed to create about 150 jobs in Winnipeg through the establishment of three Air Canada supplier operations.<sup>5</sup>

However, few details and few specifics are known about the deal, as the MOU has been kept secret and not been made publicly available.

And I should say that no mention was ever made about legislative changes as part of the announced deal.

So we are left with few answers, and many questions:

Firstly, we don’t know if Air Canada is truly obliged to create 150 jobs, or has simply agreed to “try its best”. Is 150 a firm number? Are these jobs guaranteed?

Secondly, how long must Air Canada maintain these jobs? Could they be cut or eliminated in a year? Two years? Three years? What does the MOU say about timelines and permanency?

Thirdly, we understand from informal reports that Air Canada has been given until the end of June to live up to whatever obligations they have agreed to in their MOU. Can the federal government confirm this timeframe?

---

<sup>5</sup> The deal has been reported to include Cargojet, Hope Aero and Airbase Services establishing maintenance activities in Winnipeg, related to cargo aircraft, on-board avionics and wheel / brakes / propellers and alike.

And if this is indeed the case, then why is the federal government proposing to change this legislation now, before it can verify that Air Canada is actually going to follow through?

Why is Canada using time allocation and rushing to relieve Air Canada of its existing obligations – obligations which the corporation has refused to live up to for years – before we even know whether Air Canada is prepared to honour its new, secret pledges?

These are questions that Manitobans deserve answers to.

On behalf of the Manitoba Federation of Labour, I urge this Committee to reject this Bill and to recommend to government that the existing Air Canada Public Participation Act be honoured and enforced.

**Kevin Rebeck**

*President*

Manitoba Federation of Labour