

# Government support of Aveos is an Economic and Moral Issue!

Toronto, ON – The International Association of Machinists and Aerospace Workers says government support of Aveos is not just an economic issue but a moral issue as well.

In a submission in Ottawa this morning to the House of Commons Standing Committee on Transport, Infrastructure and Communities on the closure of Aveos Fleet Performance, the IAMAW asked if the government was prepared to stand by and watch the demise of a major player in a key sector of our economy.

The Union says the Aveos closure on March 19, 2012 is the result of a series of government policies and Air Canada actions that have undermined the Canadian aircraft maintenance industry. Aircraft maintenance is a growing global industry, providing highly skilled employment and a major component of Canada's skill and technology base. Aveos, the former heavy maintenance division of Air Canada, is a major repository of the skills and knowhow on which this sector depends.

The Aveos closure is more than the loss of over 2,600 highly skilled jobs, thousands of spin-off jobs and many millions of dollars of lost income and tax revenue, most seriously affecting Montreal, Winnipeg and Vancouver, in these difficult economic times. The Aveos closure deals a body blow to this economically- important sector.

When the federal government privatized Air Canada in 1988, the IAMAW raised serious concerns about the potential for a privatized Air Canada to move much of its work and jobs out of Canada. The government responded by including in the Air Canada Public Participation Act provisions requiring the Corporation "to maintain operational and overhaul centres in the City of Winnipeg, the Montreal Urban Community and the City of Mississauga".

From the time that Air Canada exited from creditor protection in 2004, Air Canada management proceeded systematically to dismantle the corporation, selling off assets and sucking over \$4.5 billion out of the company, rewarding themselves handsomely, while financially weakening the airline.

As part of this asset-stripping exercise, a majority share in the heavy maintenance division, Aveos, was sold for over \$700 million in 2007. At that time, Air Canada committed contractually to provide Aveos with continuing work maintaining Air Canada's aircraft.

Subsequently, close to half of the Air Canada maintenance workforce was forced to transfer to Aveos on the promise of continued long-term employment, based on long-term Air Canada contracts.

Air Canada has not followed through on its commitment to provide the work to sustain Aveos, leading Aveos to file for creditor protection and announce its closure.

Air Canada has not provided us with the information as to where it plans to have the heavy maintenance work done. The speculation is that it may not be done in Canada.

While all of this has been unfolding, the federal government has stood by, making no effort to save this company and this sector. Even as Aveos announced its demise, the government refused to act.

While the government showed no hesitation to step in to quash our member's collective bargaining rights at Air Canada on the grounds of the economic necessity of saving spring break holidays, it is unwilling to take any steps to maintain thousands of jobs and a vibrant sector.

We call upon the government to respect its commitment under the law to support these jobs and the aviation maintenance industry in Canada.