



Air Canada's 10-year Agreements – Climbing to a Higher Altitude

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Does duration matter and can it work?

- Yes, if:
 - Your objective is long term stability
 - The relationship is established enough to allow the parties to focus on the core issues



History and Context – A Decade of Turbulence

- Air Canada and Canadian merger
- SARS, 911, CCAA
 - Concessionary bargaining with all Unions
- Modest wage gains in 2006 re-openers
- 2009 financial crisis
 - Decrease demand for travel
 - Pension plan deficit



Objective – Climbing to a Higher Altitude

- Opportunity to grow into a global airline by growing network
- Required substantial long term investment
- Labour stability was needed
- 10 years of no strike or lockout was aligned with growth plan
- Getting the Unions onboard



Successive Collective Agreements with re-openers

- 10-year agreement under *Canada Labour Code*
- Successive collective agreements with:
 - pre-determined monetary conditions and incentives
 - Terms that respect *Canada Labour Code* raiding periods
 - Re-openers that allow bargaining on any issues with no strike or lock-out even during bargaining
 - Automatic coming into effect regardless of status of negotiations
 - Air Canada's undertakings for growth must be met



Interest Arbitration – Scope and Purpose

- Mediation is the first step
- Interest arbitration with negotiated process instead of strike or lockout
- Limited number of items that can be brought to interest arbitration
- Certain items cannot be brought to interest arbitration – why?
 - To ensure financial certainty, interest arbitration award cannot increase Company cost
 - Exceptions were negotiated with each Union



Lessons Learned – Was it worth it?

- Yes – it worked

| | 2013 | 2019 |
|---------------------|--------------|--------------|
| Employees | 24,495 | 32,903 |
| Wide Body Aircraft | 57 | 80 |
| Passengers Served | 35.8 million | 51.5 million |
| Destinations Served | 181 | 217 |



Lessons Learned – Was it worth it?

- Win / Win for both sides
 - Labour stability for Air Canada
 - Monetary stability / commitments for Unions
 - Bargaining through re-openers is still available
- Efficiency of re-openers depends on:
 - Understanding the process
 - Ability to focus on a limited number of core issues
 - Creativity in finding efficiencies that can save costs
- Mediation process could be tightened
- Interest Arbitration is an effective and efficient process





Thank you
Merci

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