

Secretary Treasurer's Response To
Air Canada Component Trustees' Report & Recommendations
Audit Period: July 1st 2010 - June 30th 2011

As Secretary-Treasurer, my mandate, under the Air Canada Component By-Laws requires that a response be provided to the Component Trustees report.

I would like to thank the Trustees for their important work. Following, you will find my responses (in red) to the Trustees' recommendations.

Sincerely,

Nick Beveridge

Air Canada Component Trustees' Report & Recommendations

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FINANCES

In our introduction we stated that some committees went over budget. Here is a brief explanation as to which committees went over budget.

Campaign - over budget by approximately \$49,000, this was due to printing and administering the bargaining survey.

Pension - over budget by approximately \$114,000. This was due to costs related to bargaining, such as lawyers and actuaries.

Health and Safety - over budget by approx. \$ 94,000. It is hard to predict how many injuries and claims Health and Safety must deal with.

The trustees investigated and are satisfied with the reasons given by the secretary-treasurer and our accountant as clarification for the extra costs for these committees. On the other hand some committees came in under budget.

1) SIGNING AUTHORITY

Currently there are only two official signing officers, the president and secretary-treasurer. Each issued cheque requires two signatures. Therefore, either the component president or the secretary-treasurer has their signature on cheques paid to them.

The trustees recommend that there should be three officers with signing authority, but only two signatures would be required on a cheque. This would eliminate the need for an officer to sign their own expense cheque, and it will also provide a sober second look at all expenditures.

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Response:

I disagree with the Trustees recommendation. As a practical matter, as it stands now, it is often difficult to get cheques signed in a timely manner with only two officers being required to sign. Secondly, I believe having the Component President and Component Secretary-Treasurer sign the cheques provides sufficient financial oversight. Thirdly, should the cheque being signed be for one of the signing officers, sufficient oversight is provided by the other signing officer.

2) COMPONENT BUDGET

For greater transparency and accountability, the trustees recommend that once the component budget has been approved by ACCEX, it should be posted on the component website and a bulletin issued to advise the membership that it is available online. Furthermore, a copy of the component budget should be available for discussion at the next scheduled local meetings.

Response:

This was debated by ACCEX in 2012, and it was decided that the yearly Component Budget should remain confidential as some information, such as expenditures for certain committees, could prejudice the Union in its dealings with the Employer. Furthermore, it was decided that the Financial Quarterly updates would be provided to the Locals for members to view at the Local office. Again, for the same reasons as for keeping the Budget confidential, it was decided that the Financial Quarterly updates should be viewed at the Local office and left at the Local office once the member was done with their review. The Financial Quarterly update, along with the yearly professional audit, which is now posted on the Component website, was thought to be sufficient financial documentation to give the members an accurate picture of the Union's finances. If a future ACCEX wants to make the Budget public, they could pass such a motion at an ACCEX meeting.

3) COMMITTEE BUDGETS

As reported above, at times committees go over budget.

The trustees recommend that when a committee approaches the amount budgeted, the secretary-treasurer should review that committee's expenditures with the committee members. Additionally, a note should be put in the committee's file to explain why that committee went over budget. This would be beneficial when formulating a budget for the following year and for the trustees when they are

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conducting their audit and comparing the budget lines with the actual expenditures for that period.

Response:

Budgets are estimates of the Union's revenues and expenses for the year at the beginning of the fiscal year. Committee expenses, as an integral part of the budget, may go over or under budget, and often do. The point of the budget is not to restrict the Union in its activities, but to reflect spending priorities within anticipated funding levels. Currently, when a committee's expenses are going well over budget, the Secretary-Treasurer, as part of their duties, should investigate as to why and what, if anything, can be done to bring expenses closer in line with budgeted amounts. Past expenditures for budget lines are always considered when planning the budget as they are one of the main indicators of future expenses. In conclusion, I believe the trustees recommendation can best be served by continuing the current practice whereby the trustees can consult with the Secretary-Treasurer and/or Component Accountant during their audit to determine why committees have gone over and under budget.

4) *QUARTERLY SECRETARY-TREASURER REPORTS*

The secretary-treasurer provides quarterly financial reports to ACCEX.

The trustees recommend that this report be available on the component website and printed copies made available at local meetings.

Response:

See part 2 answer.

5) *FINANCIAL STATEMENTS/ ACCEX MEETINGS*

At this point we would like to thank and commend the component for posting on the component website the professionally audited financial statements. This is a positive step towards achieving greater financial transparency for the membership.

Another positive step for greater transparency and more accountability would be to have the component post all ACCEX meeting minutes on the component website. We had consulted with a CUPE National representative and were advised that this would be a benefit for our membership.

We recommend that ACCEX meeting minutes be easily made available to the membership and be posted on the component website.

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Response:

I disagree with the Trustees recommendation. ACCEX meetings often discuss controversial and unpopular topics and ACCEX members often have to make difficult decisions. In my opinion, to post the Minutes on the Component website would reduce the likelihood that ACCEX members would make decisions which may be politically unpopular but benefit the Union. Moreover, the current practice allows members to visit the Component office to view the Minutes of ACCEX and other meetings which is a compromise to what the Trustees seek. In any event, a future ACCEX can change the current practice by passing a motion to post the Minutes on the website.

6) ACCEX MEETINGS

ACCEX meetings are scheduled quarterly and the location rotates amongst the four bases.

The trustees recommend that quarterly ACCEX meetings as well as any other ACCEX meetings be held at the Toronto Belfield office. Using the boardroom would eliminate the costs for renting a hotel meeting room. Also, committee members, such as Grievance or Health and Safety, would be on-site to answer questions or present reports, thus reducing travel costs and expenses. Administrative and support staff as well as any supplies needed are also there, should they be required. We urge ACCEX to consider this as a cost saving measure.

Response:

I agree with the Trustees recommendation, particularly if a majority of the Executive lives in YYZ or YUL, but the past and current practice is to rotate from base to base in order to give the Local VPs the opportunity to attend ACCEX meetings as observers and to spread the travel load amongst the ACCEX. I assume a discussion would have to take place amongst the Executive to change this practice to what the Trustees suggest.

7) AUTO-DIALER

An auto-dialer system was purchased by the component during the term of this audit. This should eliminate the need for a costly third party to conduct a call-out to the membership; it could now be done in-house. This will be another valuable tool available to our union for communicating to the membership.

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8) RESOURCES FOR YUL AND YYC LOCALS

In the 2009/2010 audit we reported that ACCEX voted to "augment" the funding paid to the YUL and YYC locals by \$42,000 and \$32,000 respectively. It was unclear if this was to be a one-time expenditure or a yearly payment.

For this audit period, we can report it has been included in the budget but there is no bylaw amendment or a motion adopted by ACCEX confirming that this is to be a permanent yearly payment. Also, the trustees would like to point out that the ACCEX meeting minutes of September 2009, addressing this local augmentation reflect the sum of \$32,000 for YYC local, but the budget line in this audit period states an amount of \$30,000.

The trustees would recommend that at the next ACCEX meeting this be discussed and an appropriate motion introduced to clarify if this local augmentation is to be made on a yearly basis, and to confirm the accurate amount for the YYC local.

Response:

The augmentation to the YUL and YYC locals was continued in the 2011-12 and 2012-13 Budgets. Furthermore, in 2012, an attempt was made to enshrine the increases and to provide additional increases to the Locals in the By-Laws but the proposed By-Law amendment providing for the increases was defeated in a Membership Referendum. Another Referendum would have to be held to enshrine the increases in the By-Laws.

9) COMPANY PAID FLIGHT RELEASE FOR SECRETARY-TREASURER

During this audit period, the trustees discovered accidentally an email regarding an agreement between the secretary-treasurer and the company. They had agreed to a company paid 40 hrs releases for the secretary-treasurer position for the duration of the collective agreement, expiring March 2011.

The trustees recognize that it is a good thing anytime the union can get the company to pay for any union release. It would be our recommendation that any such agreement should be documented in a more formal fashion rather than by email, such as, in a memorandum of agreement.

10) SECRETARY-TREASURER

The secretary-treasurer's duties are defined in the bylaws. The duties additional to that entitling the secretary-treasurer to full top-up pay are not. Prior to CUPE National President Paul Moist's interpretation of a bylaw in April 2009, the additional duties included a company paid committee release resulting in a full release.

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The trustees recommend that ACCEX explore how to more clearly define the role of the secretary-treasurer in the bylaws to warrant full pay plus top-up pay. We would also recommend that past practice prior to 2009 be considered in doing this.

Response:

Currently, it is up to the Component President whether the Component Secretary-Treasurer is given a full time release and additional duties over and above what are outlined in the By-Laws. To add to these duties on a permanent basis would require an amendment to the By-Laws and a Membership Referendum. Perhaps, it is better to leave things as they are, meaning the Component President, should they decide to full time release the Component Secretary-Treasurer, can use the Component Secretary-Treasurer in the manner which best serves her/his administration and the Union.

11) TRUSTEES TERM IN OFFICE

The trustees would like to once again recommend that the trustee term in office be staggered in such a way so that at least one of the trustees has some experience, and thus assist the others during the audits. We recommend for the first election, the trustee term in office to be set in the following manner: 1 position a 4 year term, 1 position a 3 year term and 1 position a one year term. Then, for all subsequent elections, the term will be set for 4 years.

12) FLIGHT RELEASES FOR COMPONENT TRUSTEES

When we prepare for an audit, we plan our schedules ahead of time, so all three trustees can receive a flight release in order to be paid for our work. At times, when we need to meet again within the same month or in the following month to do more work on an audit, we run into complications if our schedules are already set and we are not able to all be flight released. We feel all three component trustees should be treated equally and be able to receive a flight release when working on an audit. We are union officers, not committee members; we believe all three trustees should be present when conducting an audit.

We recommend that the component president be more flexible and understanding to grant flight releases for all component trustees, even though a pairing does not fall on the same day the trustees are in the office working on an audit.

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Response:

I agree with the Trustees that all trustees should be treated equally and should be present together when working on an audit. On the other hand, the Component President must flight release all officers and committee members (that don't have full time releases under the Collective Agreement) in the manner which best serves the interests of the Union. Finances are not unlimited, and flight releases must be managed responsibly so that the work gets done at a reasonable cost.

FINAL COMMENTS:

In concluding this report, we would like to thank ACCEX, CUPE National representatives and all of the staff at Belfield in assisting us with this audit.

We hope every member will take the time to read this report. We are all available to answer any of your questions or concerns.

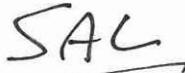
We can be contacted by email at trustees@accomponent.ca.

As this is our final report for our term, we feel a special mention should be made for Evelyn Bell-Bedard. We want to thank her for her effort and dedication as trustee for the last 6 years. As she has decided not to run again as trustee, we are appreciative of all of her knowledge and experience, and wish her all the best in her future endeavors.

Yours truly,



Evelyn Bell-Bedard



Sal Occhiuzzi



Marc Roumy

Component Trustees

Dated: January 16th, 2013