

Fórsa
Challenges Facing Aviation Workers
submission to
Joint Oireachtas Committee on Transport and Communications Networks
Tuesday 9th February 2021

INTRODUCTION

Fórsa represents over 80,000 members across the civil and public service, commercial and non-commercial State agencies and a wide range of employments in the private sector. This includes around 5,000 workers in the aviation sector including staff in airlines, airports, air navigation bases, regulatory bodies and air traffic control. The aviation sector indirectly supports in the region of 140,000 jobs across the economy including in tourism, services, hospitality and aircraft maintenance and leasing.

Over the last 11 months, workers in the sector have experienced redundancies (Cityjet), lay-offs (Stobart), and pay reductions (Aer Lingus, Ryanair, IAA, DAA, and Shannon Airport Authority). After 11 months of reduced incomes and huge job insecurity, and with no early sight of recovery for the sector, this is putting aviation workers and their families under massive strain.

The Department of Business Enterprise and Innovation has acknowledged that the Irish aviation sector has experienced a larger decline than anywhere else in Europe. More recently, Eurocontrol reports that the economic impact of Covid-19 had hit Dublin airport harder than any other European country, while Cork and Shannon airports are reeling from the suspension, or huge reduction, of airline schedules. (See details below).

In short, the current crisis has had a devastating impact on the sector and its workers. Current lockdown projections, together with public health advice against an early relaxation of travel restrictions, will put thousands of jobs, across aviation and the sectors that depend on it in permanent jeopardy unless the State acts now.

The industry and its staff have benefitted from State wage supports during the Covid period. But Ireland lacks a European-style joined-up Government approach to underpin jobs in the sector, protect aviation infrastructure, and ensure the survival of a viable post-pandemic industry. Governments across Europe have acted to protect airline and aviation jobs far more decisively than in Ireland.

This runs the risk that Irish aviation will be left behind when the rest of the world moves on, with potentially devastating implications for the national economy and employment in the sector, industries like tourism and hospitality that depend on aviation, and local economies that rely directly on the industry.

Irish aviation was one of the first industries to recover from the 2008 economic crisis. But even then, it was seven years before the numbers travelling through Dublin airport recovered. This time, it is likely that aviation will be among the last industries to emerge from crisis.

Yet the Government has been slow to engage fully with stakeholders. The recommendations of the July 2020 report of the Government-established Taskforce for Aviation have been largely ignored. The recommendations of the December 2020 Joint Oireachtas Committee on Transport and Communication Networks' report on the emergency in the sector, which were broadly welcomed by employers and unions across aviation, have not been implemented.

This inaction is placing at risk an entire industry and the jobs and connectivity it supports, while aviation workers continue to face the prospect of prolonged reductions to working hours and pay, increased risk of temporary layoffs, and an uncertain future while struggling to pay rent, mortgages and other bills.

INCOME SUPPORTS

Unlike the last recession, when aviation was among the first sectors to recover, most industry observers believe it will be among the last this time. While the Temporary Wage Subsidy Scheme (TWSS) and the subsequent Employment Wage Subsidy Scheme (EWSS) have supported employment in the sector, an industry-specific approach is required in the next phase of the aviation crisis.

As the pressure on the sector intensifies, it is crucial to ensure that the relationship between employees and employers is maintained throughout the crisis. This would support incomes and the families and communities that depend on them, while positioning airlines and other businesses to quickly bounce back once travel restrictions are eased. But, as aviation faces into further uncertainty, there is a strong risk that the EWSS, as currently constructed, will lack the flexibility required to underpin employment relationships in the sector.

To this end, Fórsa is proposing an aviation income support scheme similar to that in place in Germany, which enables employers to reduce hours rather than laying staff off, with the Government providing 60% income replacement for the time employees can't work. Fórsa is seeking similar measures, with a flexible approach that would allow workers' representatives to engage with employers to agree actions that support the maximum number of jobs.

Aside from its intrinsic value, this approach could help ensure that State support to airlines is contingent on guarantees against compulsory redundancies or the offshoring of services currently staffed by Irish staff and crew.

STAKEHOLDER ENGAGEMENT

Last December, Fórsa welcomed the Joint Oireachtas Committee on Transport and Communications. The union continues to emphasise the strategic importance of Ireland's aviation industry, and believes its survival beyond this crisis demands a well-coordinated and integrated national policy, and for this policy to remain a priority for Government.

In our earlier evidence to the Committee, Fórsa has emphasised the need for an inclusive approach because the future of Irish aviation demands social dialogue as the means to underpinning a sustainable and thriving aviation industry as the world emerges from the Covid-19 pandemic.

MORTGAGE SUPPORTS

Fórsa is also calling for the Central Bank to adopt European Banking Authority (EBA) guidelines for the extension of payment breaks into 2021. The European guidelines do not currently apply in Ireland, where the process of applying for payment breaks is slow and onerous. After 11 months of income reductions, and no early sight of recovery, this is placing workers under avoidable strain.

IMPACT OF THE CRISIS ON AVIATION WORKERS

Ryanair (including Crewlink and Workforce agencies)

- Cabin crew agreed pay cuts and restructuring in June 2020.
- 50% of Dublin cabin crew laid off in November 2020. This operates in blocks to ensure those who remain in work have enough flying hours to earn the equivalent of the PUP payment. This to continue until the end of March 2021, with further engagement expected.
- Cork operations suspended, with a review due in March.
- One flight from Shannon airport per day.

Aer Lingus

- Pilots currently on 50% pay
- Cabin Crew on 60% pay for Dublin and Cork, and 50% in Shannon (following a period 30%) underpinned by EWSS rates.
- No activity in Shannon airport since April 2020.
- Very little activity in Cork.
- Three transatlantic flights per day from Dublin.
- Significant reduction in flying to UK and mainland Europe.

Stobart Air

- Belfast base operating with reduced flights.
- No flying from Cork since April 2020, with all Fórsa members laid off.
- 80% of Fórsa members Dublin laid off since April 2020.
- Public obligation flights to Donegal and Kerry operating.

CityJet

Compulsory redundancies in July 2020.

IAA

Fórsa members recently voted to accept a package of €6 million in payroll savings as follows:

- Staff earning less than €38,500 retain current salary
- 10% reduction for those earning between €38,500 and €56,930 ATCO, and reductions of between 9.75% and 10% for ATCOs earning above €56,930.

DAA (Cork and Dublin airports)

Staff in DAA are currently working 80% of normal hours on 80% of pay the basis of various agreed work practice changes. The Director General of Eurocontrol has reported that Dublin airport was the most affected by the coronavirus crisis in Europe. In 2020, the traffic levels in Irish airports went down drastically, Dublin witnessed a traffic drop of 81%, while traffic in Cork fell by 75%.

Many airlines suspended operations from Dublin Airport on the projection that they would return in summer 2021. This is now uncertain.

Stobart Air have not operated from Cork since April 2020. Aer Lingus are only operating one route to London from Cork. Ryanair has suspended operations from Cork for the winter and this is under review.

Shannon Airport Authority

The Authority continues to impose a 20% pay cut, which was introduced without consultation or agreement. Traffic in Shannon was down 71% in 2020. Aer Lingus have not operated from Shannon since April 2020. Ryanair is operating one flight from Shannon.

AIRLINES

The issues of income support, stakeholder engagement, and mortgage supports (addressed above) are crucial to airline staff. The also supports the recommendations in the Joint Oireachtas Committee on Transport and Communications' December 2020 report into issues

affecting the aviation industry were broadly welcomed by unions and employers. They included:

- A Government strategy to safely increase levels of international travel in 2021, with consultation and dialogue between Government and airlines.
- Engagement with the European Commission to seek a derogation from State Aid rules for emergency funding.
- State supports to Irish airports to ensure their viability and survival, as well as state funding for strategic air routes.
- Engagement with, and investment in, Irish-based aircraft leasing and ‘maintenance and repair’ companies to develop a recovery strategy.
- Government action to address the specific needs of the wider tourism and hospitality sector.

IAA

The IAA has an annual turnover of almost €200 million, placing it firmly in the top 500 Irish companies. Most of this revenue is generated by users of the airspace. The IAA's highly skilled and motivated staff are intrinsic to its success. They are also not easily replaceable, and a loss of staff, even voluntarily, will take considerable time to rectify when international aviation activity recovers. It is critical that the IAA is able to support a burgeoning aviation industry by having all elements of its service in place when and as needed.

Each aircraft that lands at a State airport, or transits through Irish airspace, pays for the air traffic service it uses. The control of charges is subject to regulation by the EU. At the moment, with a loss of almost 90% of traffic, the IAA's revenue stream has dried up with an income loss of well over €18 million. However, a decision was made by the EU Commission to delay payment of charges already owing for the last quarter of 2019 with a further proposal to defer charges for up to two years. This leaves service providers with no option but to borrow while trying to maintain services for an industry which is, thankfully, showing tiny signs of recovery.

We understand that DG-MOVE is proposing amendments to the regulation which would undermine charging mechanisms, further damaging revenue streams. It is of the utmost importance that this does not happen. It is of such consequence that the professional staff organisations (PSOs) representing the employees of air navigation service providers across Europe have written to say they can no longer engage with DG-MOVE. This is in a sector which has been leading the way in developing social dialogue models.

Fórsa made the following recommendations to the Aviation Task Force:

- Financing to be approved in line with IAA Act
- The IAA should be assisted to retain all staff through income supports (see above).
- Engagement with the IAA and European safety regulators is required to implement the European Union Aviation Safety Agency and the European Centre for Disease Prevention and Control health and safety protocols aboard aircraft.

DUBLIN AIRPORT AUTHORITY

The traumatising events of the last 11 months have left Daa employees, at Dublin and Cork airports, fearing for their future livelihoods. The company will be best-prepared for a future recovery if it maintains employee numbers at the highest possible level. This will require ongoing income supports (see above) and/or revenue to sustain operations expenditure. Fórsa has proposed a suite of revenue generation and revenue retention measures including:

- Maintaining airport charges at 2019 levels as a minimum.
- Corporate tax relief and employers' PRSI relief.
- The introduction of arrival duty free shopping.
- A two-year deferral of the payment of VAT and/or excise duty with a payback over two years once recovery is achieved.

SHANNON AIRPORT

Shannon airport is a major catalyst for economic development in the West of Ireland, and underpins employment across a whole range of activities in tourism and industrial development. Thousands of jobs depend on the airport for air freight and executive travel. Approximately 10,000 people are employed within the airport complex and the nearby industrial estate. A whole range of tourism infrastructure, in the Shannon region and beyond, also relies on the airport.

Before the Covid-19 crisis, Shannon was already in trouble as separation from the DAA has not worked. The 2.5 million passenger target to be achieved under an independent Shannon has been missed by a considerable margin and now has no hope of being achieved under the current Shannon Group structure. In 2019, passenger numbers dropped 8% to 1.71 million. That is back to the level recorded in 2015 and is considerably lower than the 2.5 million annual passenger target set by the Shannon Group Chairman at the time of its independence. The 2019 passenger figures are significantly lower than the 2006 Shannon figure of 3.6 million passengers.

Shannon will have considerably less than one million passengers in 2021 and will take several years to get back to even 2019 levels. To put it bluntly Shannon airport's passenger traffic is in serious difficulty, which will result in significant job losses at the airport and in the region. The airport is heavily reliant on transatlantic services and the Aer Lingus London Heathrow services are also critical. Year-round connections to at least two European hubs will also be critical for Shannon's future development.

Without urgent and decisive Government action, the decline of Shannon airport will not be halted and this will create irreversible economic difficulties for the entire region.

In light of these issues, Fórsa made the following recommendations to the Aviation Task Force:

- The Government must use the three State Airports of Dublin, Cork and Shannon as part of an economic stimulus plan to help both regional and national development.

State companies should be used as when first set up to create/retain employment and foster economic development.

- The Shannon Group is a property focused entity with profit as its key measurement. This is not working for the airport or the region. Serious consideration must be given by the Government to incorporate Shannon Airport into a three airport semi-state authority under the DAA which would ensure a coordinated focus on aviation policy and route development. For Shannon this would be a major step forward as the airport cannot compete with Dublin Airport and the new authority would be in a much stronger position to develop new routes at Shannon.
- A Shannon specific Task Force should be set up to develop a new business development strategy for the airport.
- The Government should finance an emergency route development fund for Shannon. This will be required as Airlines will only develop new routes and probably after Covid 19 retain some routes where there is significant financial support from an airport. This will be required for a minimum of five years to ensure that routes get established and are profitable. It will be required to underpin year-round transatlantic services and European hub connectivity for Shannon.
- Income from the Shannon Group property portfolio should also be used to support route development and retention. New property development should be suspended with all available cash and new borrowings by the group used to support route development.
- All rules in relation to State Aid must be suspended to ensure Shannon's survival and route retention.
- At a minimum Shannon needs to have year-round transatlantic services to three US Hubs such as Boston, New York and a US Airline Hub. Year-round transatlantic services from a US carrier into one of their Hubs will be vital for onward connections.
- With the advent of "Open Skies" in 2007 Shannon has lost an estimated 400,000 Terminal Passengers. There is a review clause under the "Open Skies" agreement to look at the social consequences of the agreement but no request was ever done to the EU. This could present an opportunity for the Irish Government to look for specific transatlantic route support from the EU for Shannon.
- Also needed will be a minimum of the three daily Aer Lingus services to Heathrow and daily services to two European Hubs such as Paris, Schiphol or Frankfurt on a year-round basis. These routes should be supported by the route development fund if required.
- Shannon gets a considerable number of technical transit flights which are fuel stops by non-scheduled US carriers such as Omni Air International. Shannon needs to be open on a 24-hour basis to grow new traffic and to facilitate these flights.
- The specialist international support companies (FBO's) such as Signature Flight Support and Universal Aviation are a key asset for Shannon's future growth and business development. A financial support scheme should be put in place to help the FBO' target new business for Shannon.
- Shannon is currently closed on nights which is a disaster for the technical transit business. Shannon has lost business to competitor airports because of the closure. Shannon must be a government designated 24-hour airport. To support crew changes for technical transit flights, year-round connections to the US and European hubs will also be vital.

CONCLUSION

Ireland went into this crisis as a major force in worldwide aviation. We have a higher citizen aviation travel rate than any other EU member state, while our connectivity to the rest of the world plays a crucial role in attracting inward investment.

It is therefore crucial that we act, collectively, to ensure that the industry not only survives the impact of this current crisis, but that it is fit to perform robustly as safe international travel resumes, and to guard against the offshoring of work currently delivered by Irish workers.

Fórsa's approach since the pandemic struck has been to work closely with aviation employers to maximise job protection. This approach cannot succeed without significant and continuing Government support and intervention. The union continues to call for any such support to be contingent on the avoidance of compulsory redundancies and offshoring of Irish aviation jobs.

We are all stakeholders in this industry and we cannot afford not to act. The Government must prioritise stakeholder engagement and create the supports necessary to ensure Ireland's aviation industry can withstand the current crisis and continue to play its crucial role in supporting the Irish economy.

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