

Organising for Fairness at Work and Justice in Society Neil McGowan, SIPTU Aviation Sector Organiser

Chairperson and members of the Committee,

The Covid-19 pandemic has had a devastating impact on the Aviation Industry that continues to worsen by the day.

All workers in aviation the pandemic have resulted in a significant drop in income due to the pandemic. Those that remained at work have suffered drops in working hours and pay, thousands have faced layoff and many more have lost their jobs on a permanent basis.

Flights and passenger numbers have collapsed, and the industry has been brought to its knees.

The outlook for Aviation in the short to medium term is bleak and workers face into 2021 with real uncertainty and fear for their jobs.

Despite a dramatic drop in earnings, workers in aviation continued to work throughout the pandemic. This has allowed the essential supply of medical supplies, PPE and, most recently, vaccines into the country.

State supports in relation to wage subsidies and financial supports such as those for the regional airports are welcome but simply do not go far enough given the depth and breadth of the crisis.

To ensure that we will have an aviation industry post-Covid, we believe a number of actions need to be taken immediately by the Government.

- SIPTU recommends the extension and amendment of the Employment Wage Subsidy Scheme (EWSS) for the Aviation sector to ensure that employment is maintained in the industry.
 - The scheme should be tailored for the aviation industry so that it becomes a genuine short time working scheme based on the German Model that pays workers 85% of their pre-Covid earnings,
 - It must be made conditional on several binding commitments from the employers including:
 - · That no worker is made redundant on a compulsory basis while the employer is benefiting from the EWSS.
 - That no worker suffers a permanent reduction in any term and condition of employment, unless by collective agreement, while the employer is benefiting from the EWSS.
- 2 SIPTU recommends that Shannon Airport be returned to the management of the DAA. The separation of Shannon Airport has not been a success, and the Covid-19 crisis has brought into question its long-term viability. Given its absolute importance to the regions' economy, we believe it must be brought back into the DAA.
- 3 SIPTU recommends the introduction of a free and rapid testing facility for all airport workers and that Aviation workers are given the vaccine at the appropriate time.
- 4 Any financial support by the State directly to airports or airlines must be accompanied by conditionality that prohibits compulsory redundancy or a reduction in terms and conditions.

In the absence of the Government taking meaningful action, we simply will not have a functioning Aviation sector in this country.

Given we are an open island economy, the country will not recover to the full extent without a functioning aviation sector.

The thousands of people who depend on aviation directly and the hundreds of thousands in the wider economy who need a functioning Aviation industry need the Government to act now through the tailored supports for which are Union is calling.

9th February 2021

Chairman and Members of the Committee,

Please accept this submission the SIPTU Aviation Sector, on the challenges facing Aviation workers as a result of the Covid-19 pandemic.

1. Introduction

- At the outset, we would like to briefly introduce the SIPTU Aviation Sector. We are a multi-grade, multiemployment represented aviation sector with over 5000 members. Our membership covers a variety of employments in aviation including: DAA, SAA, Aer Lingus, Swissport, Ireland West Airport Knock, Gate Gourmet, OCS, Momentum Support, Donegal Airport, Kerry Airport, Air France-KLM, DNATA, Atlantic Aviation, Collins Aerospace, ICTS, LTTS, Lufthansa Technik Shannon, Menzies, Noonan and SR Technic Cork.
- 1.2 The submission is based on the experience to date representing members across aviation since the onset of the crisis and what is expected to transpire as the industry and those employed in it continue to struggle as we deal with the third wave of the pandemic. Any optimism that existed in late 2020 has been extinguished by the onset of the third wave, the development of variants of the virus and the imposition of further restrictions on international travel.
- 1.3 While Covid-19 has had a significant impact on all sectors of the Irish economy, the impact on Aviation has been among the most severe. It must be noted by the Committee that while many employers in the industry have taken steps to reduce costs through temporary layoffs and reductions in working hours and pay for workers, there was already a significant reduction in the number employed in the sector on a permanent basis. To date this has manifested itself in the form of redundancies and fixed term workers not having contracts of employment renewed when they reached their end date. We expect that in the next number of months there will be hundreds more redundancies across the Aviation sector.
- 1.4 The outcome of the pandemic for workers has been job losses on a permanent or temporary basis. For those who have remained in employment most workers have suffered a dramatic loss in working hours and earnings and considering the further restrictions and the expected timeframe of the vaccine roll out this is likely to continue for the foreseeable future.

1.5 As the likelihood for a positive summer period in the industry looks increasingly unlikely the risk of structural damage to the industry is acute. This will result in many employers in the industry reduced to considerably smaller operations while many workers with a skill set that will be difficult to replace are leaving the industry. The reality of the situation is that for most aviation workers, we are fast approaching the one-year anniversary of workers not receiving full pay.



2. Impacts on workers in Aviation to date

- 2.1 The impact on earnings in the Aviation industry to date has been significant. Many workers who were on fixed term contracts or still within their probationary period had their employment terminated.
- 2.2 Many other workers in the industry have suffered a loss in hours and income because of the Covid-19 pandemic. In the DAA the vast majority of the 3,500 workers have suffered a 20% reduction in hours of work and pay.
- 2.3 In Aer Lingus, the earnings workers in ground operations have fluctuated from 30% to 50% to 60%. Workers in Dublin have been working 60% of their contractual hours for a number of months. Workers in Cork have been on 30% working, while in Shannon a majority of workers have been on lay off. Management has been clear that this is not as a result of an increase in passenger numbers or flights but as a consequence of wage supports.
- 2.4 In Ireland West Airport Knock approx. 35 fixed term workers did not have their contracts renewed and were made redundant, approx. 10 more workers were made redundant and the remaining workers have been on temporary layoff since 14th November, 2020. The airport will remain closed to commercial flights until at least late March 2021.

- 2.5 Across the other employments which SIPTU represents such as ground handling, catering, cleaning, fuelling and PRM companies the employers have terminated fixed term contracts, put workers on temporary layoff and reduced working hours and pay by a significant amount. Where the work is related to aircraft movements and passenger numbers, most workers have suffered termination of fixed term contracts, temporary layoff or a significant reduction in working hours or pay. There has been a significant number of redundancies in these third-party handling companies. There are ongoing discussions with a number of these employers in relation to another round of planed redundancies.
- 2.6 The temporary wage subsidy scheme was accessed by a majority of employers in the Aviation sector and made a significant contribution to maintaining employment and incomes even at the reduced levels of earnings. Since the introduction of the employment wage subsidy scheme, we noted an increase in the number of companies that made the decision to reduce employment numbers on a permanent basis. The continuing uncertainty around wage supports is a contributory factor in redundancy discussions.
- 2.7 The aircraft and component repair industries have now caught up with the crisis in the wider Aviation industry. Work on aircraft due for maintenance, has been postponed or parked, and the workers in these industries who had experienced a slowdown in the current repair cycle, are now fearful for the new winter maintenance schedule beginning in September 2021. It is imperative that these companies like Lufthansa Technic, & Turbines, Atlantic Aviation and SR Technics are supported to see them through the current year to ensure that the full skillset required will be available when the maintenance and repair demand follows the eventual upturn in aviation business generally.



3. Impacts on Workers in Aviation in the Future

- 3.1 Given already made and anticipated announcements, we estimate that several thousand workers will lose their jobs as a result of the pandemic.
- 3.2 The DAA was seeking between 750 to 1000 redundancies in Dublin and Cork Airports and have offered a Voluntary Severance Scheme to workers. The workers are also offered part-time work and incentivised career breaks. This process is ongoing and collectively bargained agreements have been reached between SIPTU and the employer. Most of these exits have taken place with the process ongoing in some areas.
- 3.3 Aer Lingus has offered voluntary redundancy in support grades and a significant number of workers in the operational areas have had their employment ended at the end of their fixed term contract. There is a level of uncertainty in relation to the number that will employed by the airline in the future.
- 3.4 SAA has seen a reduction in headcount through voluntary severance, part-time working and career breaks. Management has also imposed a disputed and unacceptable 20% pay cut until 2023. The pay cut is subject to an ongoing industrial relations process.
- 3.5 Swissport in the UK has indicated that it will make 50% of their workforce redundant. If this is translated to the workforce in Dublin, Cork and Shannon it will result in up to 400 job losses.
- 3.6 Other employments in aviation are seeking redundancies that range from 20% to 50% of the workforce.
- 3.7 In several employments, companies are seeking to push through changes in work practices and in terms and conditions under the guise of the Covid-19 crisis.
- 3.8 Unless there is a significant and immediate upturn in international travel, it is impossible to predict where the job losses will end as there is structural damage being done to the industry and the ability of the industry to recover is in doubt. This is in addition to the prolonged reduction in earnings for workers remaining in aviation.
- 3.9 This will have a lasting and acute impact on the wider Irish economy and in hinterlands of the airports. The aviation industries are significant employers in the north Dublin area, the wider north Leinster area, Cork, Limerick, Clare and Mayo. In addition, Donegal airport provides valuable employment and connectivity to rural parts of the county.

4. Summary and Recommendations

On behalf of our members in aviation SIPTU is appreciative of the opportunity to present this submission to the Committee and we look forward to your deliberations on the matters raised.

- 4.1 There is no doubt that aviation workers have suffered greatly because of the Covid-19 pandemic. For many, this has resulted in the loss of employment on a permanent basis, for thousands of workers there have been extended periods of layoff, where they have relied exclusively on state supports. Those that have remained in employment have suffered significant reductions in earnings and ongoing uncertainty in relation to their income and ongoing employment prospects.
- 4.2 SIPTU recommends the extension and improvement of the Employment Wage Subsidy Scheme (EWSS) for the Aviation industry to ensure that employment is maintained. We recommend that the extension of the EWSS is conditional on several binding commitments from the employers.
 - That no worker is made redundant on a compulsory basis while the employer is benefiting from the EWSS.
 - That no worker suffers a permanent reduction in any term and condition of employment unless by collective agreement while the employer is benefiting from the EWSS.
 - That the level of subsidy is increased to 85% of workers net pay based on pre-Covid earnings, the EWSS should be turned into a genuine short time working scheme for aviation based on the German model.
- 4.3 SIPTU recommends the re-establishment of a State Airports Authority, encompassing Dublin, Shannon and Cork airports, to lead the recovery in a balanced way that will benefit the entire country. We welcome the recommendation in this Committee's previous report on the Aviation industry. It is vital any future structure allows for the pooling of resources in relation to route development and infrastructural investment.
- 4.4 SIPTU recommends a review of the regional non state-owned airports with a view to ensuring the long-term viability of the regional airports. The State should consider taking a stake in the airports in return for investment.

- 4.5 SIPTU recommends the introduction of a rapid testing facility for all airport workers.
- 4.6 SIPTU recommends the immediate establishment of a stakeholders forum for the industry. This should be led by the Department of Transport and include trade unions, employers and other relevant stakeholders.
- 4.7 SIPTU recommends that immediate attention and supports are given to support the future of the aircraft maintenance and repair industry. This industry provides thousands of decent jobs across the country and is a vital employer in the mid-west region.
- 4.8 SIPTU recommends any funding from the State to employers in the aviation industry must be made conditional on several binding commitments from the employers.
 - That no worker is made redundant on a compulsory basis while the employer is benefiting from the EWSS.
 - That no worker suffers a permanent reduction in any term and condition of employment unless by collective agreement while the employer is benefiting from the EWSS.

It is simply unacceptable that any employer in receipt of funds from the State owing to their strategic importance could receive this funding while seeking to lessen the terms and conditions of their employees or reduce the numbers employed without agreement.



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