

Aviation Authority/Trade Union 5-year agreement should ensure stability

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Irish Aviation Authority management and trade union negotiators have concluded a comprehensive 5-year agreement that takes account of cost containment measures agreed due to the Covid-19 pandemic. The Collective Labour Agreement (CLA) will further embed key IR structures, and is also designed to take advantage of a future upturn in aviation.

The recently negotiated comprehensive five-year Collective Labour Agreement (2020-2024) in the Irish Aviation Authority (IAA), carries on from a CLA agreed in 2015, as well as reflecting two short cost reduction agreements between the Staff Panel Unions (Forsa / AHCPs) and management that arose due to the Covid-19 pandemic.

Critical elements of the new CLA include the continuation of a structured way to dealing with issues, through key IR mechanisms like a Performance Verification Board and the existing internal disputes resolution body, the IDRb.

The CLA is a response to crisis conditions, married to an overarching strategic approach

This approach provides a level of stability seen by both parties as especially important at a time marked by external uncertainty. A source close to the agreement described it as “measured and pragmatic”, underpinned by trust - with an effective and pragmatic IR architecture.

Meanwhile, although there is no immediate prospect of general pay rises in the aviation business, the possibility of future improvements across the sector is factored into the agreement. Notably, it borrows from the recent public service agreement, Building Momentum, by including a “sectoral bargaining fund” to resolve “outstanding grade/branch-based issues/claims which could not be addressed as part of the current CLA”. This will operate in accordance with agreed performance verification criteria.

THE CONTEXT

The CLA can also be seen as, in part, a response to immediate crisis conditions, married to an overarching strategic approach by both parties. For the unions, this limits the crushing impact of the pandemic on the industry, while from the Authority’s perspective, the agreement – apart from managing pay and change – coincides with the establishment of a single national aviation regulator.

The latter development entails the merging of the aviation safety and security regulatory functions of the company (IAA) with the economic and consumer protection functions of the Commission for Aviation Regulation (CAR). The Authority’s existing for-profit air navigation services (ANS) function will be established as a standalone commercial semi-State body.

As noted, the 2020-2024 CLA is seen as the continuation of the 2015 CLA, described at the time as a balancing act between the company's need for cost stability and change and the trade union goal of reversing unilateral cuts in entry level pay, as well as a 4-year pay arrangement. (See ['New Deal at IAA boosts pay, but ensures cost stability & industrial peace' in IRN 28-22-07-2015](#)).

HOW THE CLA EMERGED

In June of last year, the (union) Staff Panel was told by the company that there were two options facing the Authority: place 116 operational staff on special leave at 40% of normal salary for a period of 4 months or, face an across the board cut in staff salaries of 10%. This was to save €500,000 per month.

Furthermore, the unions were told that management would be seeking discussions on further cuts, described as 'Phase 3 Cost Containment proposals', likely to be introduced in October, 2020.

Responding, the union side – aware of major cuts in other parts of the sector – sought to ensure the burden of cost containment wasn't placed on any one section of the workforce, seeking to ensure the lowest paid members would be protected from reductions in either hours or salaries.

The company agreed to enter direct discussions, the result being a set of "temporary measures" to be implemented from July 3 to October 31. The company would save circa €2m over this four-month period, through those earning over €38,500 gross per annum reverting to a 4.5 day working week. There was also a voluntary scheme introducing special leave arrangements.

In an important caveat, however, the unions accepted there was the potential for "the exigencies of the service applying in certain areas" of the company's operations. This meant that existing arrangements would continue if needed to meet critical business and infrastructural needs.

From the trade union perspective, this temporary agreement set a significant precedent: the company would discuss and agree any future cost containment.

"The goodwill generated and the barriers broken down with the IAA Board and HR bodes well for the future, as common sense and leadership has prevailed during a very difficult process," union members were told.

IDRB STEPS UP

As this temporary 4-month first arrangement reached its end date, the agreed internal disputes body, the Internal Disputes Resolution Board (IDRB) - negotiated as part of the 2015 agreement - received a request for intervention from the IAA. It was asked to assist in resolving a "stand-off on the next, 'phase two', cost measures.

Simply put, the company's trading position had not improved and the forecasts for 2021, "confirmed that the pandemic crisis would continue to have a devastating impact on aviation for another year or more", the IDRB observed.

The IDRB suggested a way of commencing discussions that would not prejudice either sides position. This was accepted. An outcome was presented to both parties, commencing on January 1, 2021, to expire on December 31, 2021.

These IDRb proposals meant a reduction in pay of between 5% and 10%, depending on basic salary, with an exemption for those earning less than €38,500. The terms were accepted in a ballot of union members.

A “sweetener” included the restoration of full salary to all staff for the short period, October 29, 2020 to December 31, 2020, “if ... the Staff Panel conforms acceptance of the pay reductions for 2021 and enter into a Collective Agreement”.

As an “additional clarification”, the IDRb noted that the company “will determine the pensionable salary of staff who, by the end of February 2021, confirm their intention to retire in 2021, to be that which applies at 31 December 2020. Where staff who express an interest in retiring, but are under age 65, the final decision on the application of this arrangement, will rest with the staff members line manager”.

What followed – the 5-year CLA - was built on the foundations of its 2015 predecessor and the two phases of pandemic-induced cost containment measures.

CLA, 2020-2024

The proposed new CLA “updates” the 2015 CLA, which remains extant, between: - IAA and Forsa SRD, Clerical Administration Branches and AHCPs”. They all commit to “collaborative working and to preventing unnecessary escalation of issues wherever possible to protect the provision of service”.

Employee Engagement Forums (EEF) will be established at each location to promote the sharing of information and to agree implementation of the work practice flexibility and change measures. A Joint Consultative Forum (JCF) may establish EEFs for any purposes it deems appropriate. The EEFs operate under the auspices of the JCF.

The EEF will comprise nominated management and staff representatives, chaired on a rotation basis. The engagement process is about ‘How’ work practice flexibilities will be implemented. But the JCF remains “the primary forum for managing and overseeing employee relations in the company”. The parties also agree to support the collective agreement through the full utilisation of the IDRb.

Work Practice Flexibilities: The parties accept the requirement for continued flexibility and the realisation of efficiencies to maximise manpower capability and to facilitate changes, and agree on “ongoing cooperation with new technological initiatives and regulatory requirements is critical to ensuring that the Company can meet the challenges of a rapidly changing aviation sector”.

Staff will support company proposals to implement a series of work practice flexibilities and change utilising the consultation mechanisms. The list of items includes rosters “which may be at variance with existing roster principles”; no lines of demarcation subject to regulatory and training requirements; a separate IR agreement will be concluded to support the Regulatory Reform Programme; Implementation of Regulation (EU) 2017/373 (EASA); Single European Sky; New Dublin Control Tower and Parallel Runway Operations; Special Strategic Projects e.g. cross border co-operation.

Statutory Leave: The top-up salary arrangements currently in place in respect of statutory leave will remain fixed.

Managing Performance and Development (MPD): continued cooperation with the MPD essential to maximising performance and individual development.

Increments: will be approved by line management subject to satisfactory attendance and performance.

Performance Verification Board (PVB): an annual performance verification process will be conducted by the PVB, consisting of Mr Kevin Duffy as Chair, a management and a staff nominee, with an additional expert support as required. The PVB will verify that the provisions of the CLA are being adhered to and delivered. Importantly, the granting of agreed pay increases is subject to the recommendation of the PVB.

Safety Regulation Directorate: The service requirement for incremental progression on the Airworthiness Inspector to access the first long service increment (LSI) will be removed and the service requirement for accessing the second LSI will reduce from 3 to 2 years.

A foreign fleet allowance will be paid to all Airworthiness Inspectors employed on January 1, 2020, on a 'red circle' basis.

Annual leave rises: Annual leave of the Aviation Officer (AO) and Aviation Executive (AE) will be increased, rising by a day after each category reaches a specific number of years service. For example, an AO's leave will increase from 22 to 23 days p/a on reaching 5 years' service, increasing from 23 to 24 days on reaching 10 years' service. (A similar approach is taken up to Senior Aviation Executive level, where leave rises from 28 to 29 days at 12 years' service).

Term Time: agreement to explore opportunities "to pilot term time".

Scale adjustment: The salary scale for the AO will be adjusted to a 17-point scale, with the 17th point pensionable for future service only. The salary scale for the AE will be adjusted to a 16-point scale, with the 16th point pensionable for future service only.

PAY - GENERAL PROVISIONS

Noting that the discussions on the CLA are set against a background of decline in air traffic movement globally, the agreement says this has resulted in not just a loss of business, "but also a significant deterioration in the Company's revenue, whereby it is difficult to forecast with certainty when traffic levels and revenue will return to sustainable levels".

The Company's "requirement for stability, completion of projects and a return to sustainable levels of business and finances are matters of high priority". It says the terms of the agreement have been agreed to "position the company to take advantage of the inevitable upturn in the aviation industry".

UNDERSTANDING

During the period 01/1/20 to 31/12/21, the subgroup of the JCF will continue to meet periodically to review implementation of the company cost containment programme.

Apart from annual incremental movement, *"there will be no pay or sectoral grade adjustments for the years 2020 and 2021"*.

The appropriateness of an increase to non-pensionable allowances, *“subject to CPI, for the period 1/1/22 to 31/12/24 will be a matter for the PVB”*.

There is *“no specific provision for the award of general pay increases in the CLA given the economic environment pertaining at the time the agreement was reached”*.

In Q1 2022, the PVB will be established to determine the appropriateness or otherwise of commencing implementation of the sectoral adjustments of the CLA *“in addition to scope for an annual general round pay increase”*, over its remaining three years.

Any dispute arising from the decision of the PVB can be referred to IDRb.

INDUSTRIAL PEACE

There will be no form of industrial action “until issues are fully exhausted”, either through internal or external IR processes. There will be no cost increasing claims served and the Authority will not apply any additional increases during the term of the CLA.

Regarding pay relativities between or across IAA grades, these “no longer apply” and the parties affirm that pay and conditions shall not be revisited over the lifetime of the agreement. This will be reviewed in Q1, 2024.

In the event of any disagreement over interpretation, either party can refer the issue to the Mediator or, by agreement, to the IDRb.

On the implementation date, the agreement says that “given the extraordinary times now facing the aviation industry and the IAA, the parties are satisfied to convey agreement in principle to the provision of this agreement and will implement the monetary and sectoral provisions when financially viable to do so in line with the ... General Pay Provisions ...”.

Sectoral bargaining fund: The agreement says the next review of the CLA will include a “sectoral bargaining fund to resolve outstanding grade/branch-based issues/claims which could not be addressed as part of the current CLA”. The value of the fund will be 1% of basic pensionable pay including pensionable allowances, for a specific grade/ branch and “will operate subject to PVB criteria”.