



ASSEMBLY — 38TH SESSION

ECONOMIC COMMISSION

Agenda Item 42: Economics of Airports and Air Navigation Services

ECONOMICS OF AIRPORTS AND AIR NAVIGATION SERVICES

(Presented by the International Transport Workers Federation (ITF))

EXECUTIVE SUMMARY

Although there is a widespread consensus about the necessity of social dialogue, all too often workers are excluded from the consultation process when it comes to setting charges in both airports and Air Navigation Charges. This process has a direct impact on the terms and conditions of employment for many workers in airports and air navigation services. In many jurisdictions, economic regulation has been introduced, particularly where monopolies exist. This has also had a direct impact on the ability of worker organizations to negotiate pay and conditions. In our view, it is vital that the contribution of staff is properly recognized and that air navigation service providers (ANSPs) and airports are able to recruit and train the high quality staff they will need over the next few years. The International Transport Workers' Federation (ITF) believes that ICAO has a role along with the International Labour Organisation (ILO) in developing appropriate consultation mechanisms with workers representatives and their professional counterparts, including consultation on user charges. This would support the conclusions of the ILO Global Dialogue Forum (GDF).

Action: The Assembly is invited to:

- a) note the points of consensus relating to a sustainable aviation industry agreed at the recent ILO GDF held in Geneva from 20 to 22 February 2013;
- b) consider amending *ICAO's Policies on Charges for Airports and Air Navigation Services* (Doc 9082) to include "Encourages Contracting States to adopt the principles of non-discrimination, cost-relatedness, transparency and consultation with users, and worker and professional representatives in their national legislation, regulation or policies, as well as in air services agreements, to ensure compliance by airports and air navigation services providers; and
- c) add to the work programme of ICAO set out in working paper 51 an additional task as set in paragraph 3 below.

<i>Strategic Objectives:</i>	The action proposed in this paper will further support the Organization's Strategic Objectives C – <i>Environmental Protection and Sustainable Development of Air Transport</i> .
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<i>Financial implications:</i>	No financial implications.
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<i>References:</i>	A38-WP/51 <i>Economics Of Airports And Air Navigation Services</i> .
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1. INTRODUCTION

1.1 The International Transport Workers' Federation (ITF) is an international trade union federation of transport workers' unions. It consists of 654 independent trade union organisations representing 4.5 million transport workers in 151 countries. It is one of several Global Union Federations allied with the International Trade Union Confederation (ITUC). The ITF represents over 617 thousand civil aviation workers world wide and speaks for Aviation employees globally. The day-to-day safe and secure operation of air transport worldwide depends on their skills and commitment.

1.2 Since the last Assembly, we saw mixed fortunes in the economics of the aviation industry. This, in turn, has led to volatility in the income of airports and air navigation service providers, with many seeing reductions in income. This is coupled with the increasing impact of the low cost carrier model, which is also having an impact on the income of airports and air navigation services. Furthermore, it would appear to be having an impact on the funding of various oversight functions where regulatory and operational functions have been separated.

1.3 At the recent International Labour Organisation (ILO) Global Dialogue Forum (GDF) held from 20 to 22 February 2013, part of one of the points of consensus was workers recognizing that they have a role to play in helping to resolve the present economic crises. "Social dialogue is an essential element to improve sustainability, and decent and productive work in civil aviation and may contribute to greater industrial harmony and therefore to stability in the industry. In some countries, social dialogue in civil aviation has been linked to better economic results" (see ILO document on ILO points of consensus: document point 10). A further point of consensus identified that all stakeholders should have access to relevant information. Consensus point 11 states: "Social dialogue requires mutual respect, trust, and open and relevant information sharing. It is also important that the participants have equal access to relevant information and the ability to analyse the issues and changes facing the industry." These points were accepted by employers, workers and governments.

1.4 However, all too often, workers are excluded from the consultation process when it comes to setting charges in both airports and air navigation charges. This process has a direct impact on the terms and conditions of employment for many workers in airports and air navigation services. In many jurisdictions, economic regulation has been introduced, particularly where monopolies exist. This also had a direct impact on the ability of worker organizations to negotiate pay and conditions.

1.5 A great deal of the guidance material referred to in A38-WP/51 stems from the Conference on the Economics of Airports and Air Navigation Services (CEANS) in 2008. At the Symposium held before the Conference, a number of organizations making presentations suggested that it was important to maintain a balance between rewarding and motivating the work force, delivering a cost effective and efficient service and maintaining safety and sustainability. This balanced approach was put forward by NAVCANADA and Airways Corporation of New Zealand. This approach is supported by the ITF. In our view, it is vital that the contribution of staff is properly recognized and that ANSPs and airports are able to recruit and train the high quality staff they will need in the next few years. ICAO has to some extent acknowledged this in the work it has been doing on the Next Generation of Aviation professionals.

2. SUPPORTING CONSULTATION

2.1 ICAO recognizes that it has a role in supporting States, airports and air navigation service providers in developing an appropriate consultation mechanism on user charges. However, up until now, ICAO has been silent on consultation with worker representatives. The ITF would argue that ICAO has a role along with the ILO in developing appropriate consultation mechanisms with workers representatives and their professional counterparts. This would support the conclusions of the ILO GDF. One of the

actions agreed at the GDF was that the Director General of the ILO is invited to consult with the Secretary General of ICAO on ways of strengthening cooperation between ICAO and ILO on matters of common interest.” We would argue that consultation on user charges should be a matter of common interests.

2.2 In most other industries there is no consultation on price with the users or customers. A company or provider of a service simply sets a price that they believe that the market will bear. In turn, workers can negotiate directly with their employers taking into account the health of an enterprise, the demand for a product and the profitability of the enterprise. However, it is recognized that the aviation industry is different. Airports and air navigation service providers operate in near monopoly positions. Under the current approach in the aviation industry many workers are excluded from the consultation process on setting user charges and applying economic regulation. In turn, this leads to industrial action which has an impact on the financial health of the industry. In recent years we have seen a steady increase in industrial action particularly at airports and ANSPs.

2.3. It is the view of the ITF that an approach to consultation involving both users and workers will bring benefits to the industry in the longer term. Such an approach has already been accepted when it comes to negotiations between the European Union (EU) and others on the development of open skies agreements and bilateral arrangements between the EU and other States. Worker representatives are invited to participate and to contribute to these developments. It is also accepted by all the players in the industry. The GDF agreed that “A sustainable civil aviation industry with decent and productive work is a common goal for governments, employers and workers in the interest of customers and society as a whole. To achieve that goal, the industry needs a sustainable workforce, sustainable enterprises and a balanced value chain.”

3. ACTION

3.1 The Assembly is invited to:

- a) consider that Doc 9082 should be amended to include “Encourages Contracting States to adopt the principles of non-discrimination, cost-relatedness, transparency and consultation with users, and worker and professional representatives in their national legislation, regulation or policies, as well as in air services agreements, to ensure compliance by airports and air navigation services providers;
- b) request the Secretary General of ICAO to consult with the Director-General of ILO on ways of strengthening cooperation between ICAO and ILO on matters of common interest, and to discuss the 1953 Memorandum of Understanding between the two organizations with a view to its updating in order to take account of developments in the civil aviation industry;
- c) request the secretariat to ensure that worker representatives as well as professional representatives are involved in meetings of the Airport Economics Panel and the Air Navigation Services Economics Panel; and
- d) request that, whilst endorsing the work set out in paragraph 3.2.3, the Secretariat ensure that the phrase “with the participation of all stakeholders to develop guidance material” will include professional representatives.