

CONFERENCE ON THE ECONOMICS OF AIRPORTS AND AIR NAVIGATION SERVICES

(Montreal, 19 - 28 June 2000)

- Agenda item 1: Economic situation of airports, air navigation service providers and their financial relationships with air carriers and other users**
- Agenda item 4: Determinants of the economic regulation of airports and air navigation services**

THE GLOBAL RESTRUCTURING OF AIRPORTS AND GROUND HANDLING SERVICES: THE IMPACT ON GROUND STAFF AS EMPLOYEES AND SAFETY PROFESSIONALS

(Presented by the International Transport Workers' Federation)

1. The International Transport Workers Federation (ITF) represents airport workers and ground service employees around the world.
2. This conference on the economics of airports and air navigation services follows logically from the conclusions of the 4th World-wide Air Transport Conference organised by ICAO in Montreal in 1994.
3. The approach of ICAO on economic regulation in 1994 was to examine the process of liberalisation within a clear framework of safeguards for national economic interests and aviation safety. The Conference also recognised that liberalisation has major effects for aviation employees, and that employees play a vital role in any process of restructuring. For this reason the Conference explicitly recognised that labour is a major stakeholder in aviation and should be a participant in any discussions on the future economic regulation of the industry.
4. A Symposium on the Social and Labour Consequences of Technological Developments, Deregulation and Privatization of Transport, held in Geneva on 20 –24 September 1999, the International Labour Office (ILO) concluded that it should enhance its collaboration with other international agencies “so that, in developing and undertaking their transport-related activities, including the development of policies and standards, the social and labour dimensions of transport are fully taken into account, including the importance of tripartite consultations and continuous social dialogue.
5. There are currently approximately around 4 million people employed by airport, airline ground service departments, or independent ground service companies around the world, whose jobs, working conditions and livelihoods are affected by the current process of airport and ground service restructuring

6. The unique safety and security environment of airports means that the impact of restructuring on employees requires consideration beyond its effects on jobs and working conditions. Many of these staff are required to work to high standards of competence and alertness in safety-sensitive duties. Check-in staff have key security responsibilities in passenger and cabin baggage management; cargo loaders must ensure safe loading and the control of dangerous goods; ramp service workers must operate heavy machinery and vehicles in close proximity to aircraft, and so on. Civil aviation is an industry in which small mistakes can have major consequences. It requires staff who are safety professionals working in an environment which respects their safety responsibilities.

7. Airports and ground services are currently undergoing a dramatic process of global restructuring. There is strong pressure to push airports into full privatisation despite the fact that public sector airports around the world are engaged in a massive process of capital investment (around \$22 billion worldwide in 1999), which private capital would be unlikely to be able to match. Privatisation will also see airport investment, which has generally been planned by governments in a context of long term local or national economic and air transport infrastructure needs, increasingly being driven by the short term profit needs of private investors and shareholders.

8. It is not just ownership which is undergoing radical change, but the structure of control and of employment. Even more immediate in its effects than airport privatisation is the process of airlines outsourcing their ground handling and airports being forced to put their ground handling operations out to competitive tender. The major trends in the current process of world wide restructuring are:

- The commercialisation and privatisation of airports
- The liberalisation of ground services
- The outsourcing of ground operations by airlines
- The emergence of transnational airport and ground service companies

9. All these processes are subjecting airport and ground handling services to massive competitive pressures not previously experienced in the industry. Employees fear that the inevitable pressures to reduce costs will have a negative impact on employment, job security, wage levels, training and professional standards. Outsourcing also breaks up airport services and airline ground handling services into separate business units and risks losing the communication and control chain between employees which is the main element of a coherent centrally managed safety culture. The emergence of new transnationally-owned airport and ground service companies encourages remote decision-making, further undermining accountability to the public or to local employee bargaining structures.

10. Some of the immediate effects of airport and ground service restructuring have been to:

- transfer control of these operations from public bodies to autonomous or private companies, increasingly involving transnational ownership and control;
- put private shareholder interests as the driving force of airports policy
- expose ground service operations to a competitive bidding process in which cost reduction is a prime driver;
- fragment airport and ground service operations through outsourcing and contracting out;
- replace a single chain of management responsibility in airport ground service operations with a web of legal/contractual relationships;
- break or weaken the chain of safety command and to blur the location of responsibility for operational safety;

- put downward economic pressure on the quality of employment;
- put downward economic pressure on professional and safety standards.

11. Too often it appears that the processes of privatisation and liberalisation are allowed to proceed without any real examination of their economic, social and safety effects. National governments must retain their key responsibilities for economic regulation, security and safety standards and social (employment) rights.

12. The ITF and its affiliates therefore call upon ICAO member states to include among the conclusions of this Conference, the following recommendations which particularly relate to the concerns of employees, that the governments of ICAO member states should:

- fully examine the potential effects of privatisation and restructuring in airport and ground services, particularly on infrastructure investment, safety standards and employment;
- ensure that civil aviation labour organisations, as recognised stakeholders, are involved in meaningful and early participation in any government and intergovernmental discussions affecting the future ownership, control and operation of airport and ground services;
- retain, in all circumstances, the government's key responsibilities for economic regulation, security and safety standards and social (employment) rights;
- guarantee transparency and availability of company information to employee representatives of all corporate and governmental information directly relevant to the future conditions and job security of employees;
- ensure that commercial pressures, in particular those resulting from competitive tendering, should not jeopardise safety and security standards in airport and ground services;
- protect and promote existing good practice, in particular guaranteeing the future maintenance of a strong safety and security culture of airports, against any potential erosion due to the organisational fragmentation of airport and ground services;
- guarantee the professional competence and safety skills of all airport and ground service employees whose work relates to safety and/or security, according to levels of competence and standards of training determined by the authorities, in consultation with trade unions and enterprises.

— END —