

Submission by the

**International Association of Machinists
and Aerospace Workers**



to Transport Canada

**in response to the *Canada Transportation Act* Review
Report**

August 2016

Introduction

The International Association of Machinists and Aerospace Workers (IAMAW) is the largest union in the air transport sector in Canada and in North America. We have represented Canadian air transport workers for almost 70 years.

The IAMAW represents over 50,000 members across Canada, of which 22,000 work in the aviation and aerospace sector.

We represent technicians at Air Canada, Air Transat, MTU Maintenance Canada, Bombardier, Land Mark Aviation, Bearskin Lake Air Services, Innotech Aviation Inc, and Piedmont Hawthorne Aviation. We represent workers who perform aviation support functions at companies such as Skycharter, Air Consol Aviation Services Ltd, Air Labrador, Allied Aviation Inc, Irving Aviation, PLH Aviation Services, and Consolidated Aviation Fueling to name a few. As well we represent aerospace workers in Bombardier, Rolls Royce, Magellan, Lockheed Martin, AJ Walters, and L-3 Com to name a few.

We represent the majority of the pre-board screeners in Canada providing safety and security screening to the travelling public on behalf of the Canadian Air Transport Security Authority (CATSA) and the Canadian Government. We also represent many security services within and the perimeter of the airport in Canada.

We are presenting the views and concerns of our members to the Government of Canada regarding the recommendations expressed by the *Canada Transportation Act* Review Report (CTA).

Over the last four decades, there has been a broad and steady movement around the world to deregulate air transport, as part of the larger corporate free trade agenda.

That trend started in 1978, with the USA deregulating its domestic market to such an extent that any US carrier could fly anywhere in the country and charge any fare. Other countries followed, including Canada in 1984, under the Mulroney Government.

At the same time, many bilateral "Open Skies" deals have been signed. It is an international policy concept regarding the liberalization of the rules and regulations of the international aviation industry in order to create a free-market environment without the interference of governments. The Canada/U.S. Open Skies deal of the mid-1990s allows any Canadian or U.S. airline to fly any trans-border route without restrictions.

Canada has negotiated many more of these deals, the Harper Tories branded them as “Blue Sky” deals, resulting in the 2009 Canada / EU agreement, which is still being implemented.

We are also witnessing the movement by the International Civil Aviation Authority Organization (ICAO), towards a "Global Multilateral Open Skies agreement", an agreement that would allow airlines to fly anywhere in the world, without any national restrictions on routes, ownership or control. This is of grave concern for the IAMAW, workers and the aviation industry.

Domestic deregulation and bi-lateral Open Skies agreements have weakened air carriers and concentrated the industry into a few mega carriers and alliances, threatened air safety by the introduction of Safety Management Systems (SMS), and has put enormous pressure on airline workers in Canada and abroad.

We can observe three trends contributing to an increase in the number of passengers, none of which are the result of the agreements signed: a growing global population, an increase in the middle class in more and more countries, and the sudden increase of baby boomers retiring in many parts of the world, especially in Canada. Yet, the number of workers in the aviation sector is decreasing, creating many issues that will be discussed throughout this submission.

We believe that multilateral Open Skies agreements will make matters much worse from a safety and worker’s rights point of view. It would open the air transport industry to “flags of convenience” carriers which would be similar to the shipping industry model. This would result in aircraft being registered in the cheapest, least-regulated countries, leading to an all-out assault on wages, working conditions, labour standards and aircraft safety. The greater risk would be another reduction in employment levels in the air transport sector much like what happened in the 90’s and following decades after the open skies agreements were implemented.

This extensive 700+ page report by Emerson explains the past three decades of deregulation, liberalization, and the sale of government assets. It examines rail, air and marine transport. It touches on the transportation needs of the North, climate change, technological innovation, and governance. But clearly this report does not address and ignores the impact of the report’s recommendations on workers, their incomes, terms and conditions of employment and the quality of work. The focus of the recommendations are on increased liberalization, regulatory harmonization, expanding access for private investment, and intensifying competitive forces. This would create a huge negative impact on the workforce in the air transport sector.

The IAMAW and many other unions in Canada have not been consulted while the report was being prepared. As a result, this report leaves a big hole by not taking the voice of the air transport sector workforce into account.

The IAMAW recommends that we must not succumb to the lowest standards anywhere in the world, but must ensure that the highest standards are always adopted and supported to ensure a healthy, safe and viable air transport sector. We must not degrade or lower our standards regardless of what we are trying to achieve.

We will discuss each area of impact to the IAMAW and its members in this written submission for Chapters 2, 6, 9 and 11, with a focus on chapter 9.

Chapter 2 – Governance

This chapter illustrates the lack of consultation with the union sector on the governance aspect of air transport. Having new approaches to better address this crucial sector of the Canadian economy should require the inclusion of all partners within this industry. Unfortunately, the report does not seem to recognize the importance of expert opinions available in the air transport sector and unions representing those workers.

The IAMAW recognizes that Canada, because of its large land mass and small population, faces multiple challenges that can be overcome to make our country an example of a good multimodal system controlled by Transport Canada. We agree that more collaboration between federal departments is necessary, but we have some comments on the national framework on transportation and logistics put forward in the report.

First of all, the IAMAW strongly believes that a periodic review of the Act must take place allowing for a broader process of consultation, dialogue and adaptation. We strongly oppose a strictly public-private sector collaborative approach to the national framework.

Secondly, the "transportation dialogue and collaborative approach that includes the entirety of Canada's multimodal system" will be the right approach only if all the partners are included in the process. Representatives from the trade union movement need to sit on the Advisory Committee on Transportation and Logistics. All users, including the workforce, should have their voices heard on this committee. The report mentions the creation of a Centre of Excellence in Transportation and Logistics with "expert policy advice". Representatives from the trade union movement need to be involved.

The IAMAW recommends a periodic review of the Act to take place in addition to the proposed national framework on transportation and logistics.

The IAMAW recommends that representatives from the trade union movement, along with representatives from users, sit on the Advisory Committee on Transportation and Logistics and be involved with the Centre of Excellence in Transportation and Logistics as expert policy advisers.

The report "recommends that the Government of Canada, with input from the provinces, territories, and the private sector, develop a comprehensive long-term transportation infrastructure plan". This "input" should also come from the trade union movement.

The IAMAW recommends that the Government of Canada develop a comprehensive long-term transportation infrastructure plan with input from the provinces, territories, the private sector, and the trade union movement.

Chapter 6 – Climate Change

Following the commitments made by the current Liberal government on fighting climate change at COP 21, the United Nations conference on climate change held in Paris in November and December, 2015, a national policy on carbon pricing is not only urgent, but will also be beneficial to the Canadian economy, once it is implemented. A long-term goal of limiting rising average temperatures to within 1.5 C of pre-industrial levels was set, although 2 C remains the official target. Canada is currently committed to reducing emissions 30 per cent below 2005 levels by 2030.

Low-emissions technology for aircrafts needs to expand and a "market-based cap-and-trade system", like the Canada-United States Air Quality Agreement signed in 1991 should be put in place.

The IAMAW agrees with the two recommendations put forward in the report.

Chapter 9 – Air Transport

In the mid-1980s, governments owned and operated infrastructure and service providers and regulated the transportation industry in Canada. In 1985 governments pursued commercialization, selling of assets, and followed the path of market deregulation and liberalization of international trade.

Between 1986 and 2006, Canada shifted to a commercial market driven system from one based on government ownership and direction. That transformation began with the deregulation of the domestic market for air services and the privatization of Air Canada, which resulted in job losses, service cuts, bankruptcies, consolidations and price hikes in regional markets. Following deregulation and privatization in the air carrier sector, the government moved to commercialize larger airports and air navigation services. The new policy also established NAV CANADA as a not-for-profit organization that operates Canada's air navigation system. The report suggests creating private, for-profit airports entities, which will be discussed further in this submission.

The flight plan: what we need to get there

User Pay Policy and Cost of Air Transport

The suggested user pay policy really is shifting the cost burden from the airlines to the passengers directly, which in effect will increase the ticket prices immediately once implemented. Regardless of the country you examine, they all are subsidized somehow through tax payer's dollars. Where the IAMAW really disagrees is in the fee collection system for "air traveler's security charge". Currently, the government does not use all of the fees collected towards airport security. Because it is a collected fee, there is no accountability by the government to show where the money is spent. But the data collected from Statistics Canada clearly shows that a large portion is not spent on airport security screening. It is also important to note that as passenger levels increase each year, an average of 3.5% per year, there will be an increase in fees collected.

The experiences we have seen at the airports, such as longer lineups and unmanned security screening lines, are starting to increase during the busy period of summer. We do not want Canada to experience what the passengers in the USA are going through.

The IAMAW recommends that we can do a much better job with the full funding collected from each passenger to increase manpower, improve processes, and introduce new technologies to improve passenger flow.

The current system of charging rents to subsidize the costs of airport operations is a happy medium compared to an all-out sale and transfer of operations to private ownership under a for-profit model.

The IAMAW recommends that the Government of Canada through Transport Canada must remain in control of airport regulations and policies in place to ensure a safe air transport operation of aircraft and passengers.

To quote the GTAA, "Changing the ownership structure is a complex matter that requires careful consideration by all affected stakeholders". The IAMAW represents tens of thousands of airport workers who also fly as passengers and needs to be consulted, as any decision made will create a significant impact on those members we represent.

National Airports Policy: Ownership and Governance

The IAMAW does not agree with the fact that airports be internationally competitive as Canada's population and large land mass make it difficult to compete with other countries.

Countries like the USA enjoy a large population base which attracts more taxes and fees collected along with more passengers flying which makes its transportation system more sustainable. This large population base lends itself to large airport hubs, sustains more airlines

and creates competition to keep air fares lower. It also assists government departments to properly handle air regulations, safety and other areas of air transport required.

As a result, the IAMAW recommends that Canada must adopt a system that allows us to sustain a proper air transportation system across our large country and that it must be transparent and accountable to the Minister of Transport through Transport Canada, its citizens, and the working people in the air transport industry.

The IAMAW recommends that all operating policies and regulations for all airports across Canada should be standardized.

The IAMAW also recommends that a revenue system such as the present one where airport authorities charge rents and landing fees and where the government imposes fees and taxes are required unless it is prepared to subsidize or take over the whole operation.

Taxpayers and travelers all pay whether it's through taxes or fees paid when we fly. The current system seems to be working but does require some fine tuning in order to keep costs down, and to allow for proper input from all stakeholders.

The IAMAW recommends that we must have a voice and say at airport authority executive boards across Canada. Presently the worker's voice is missing. There is no structure in place to hear the voice of their representatives.

The IAMAW recommends that the executive boards in place at each airport across Canada must be mandated to allow labour to have the required seats so that our concerns are taken seriously and into account in any decisions made.

The IAMAW further recommends that the appointment process for members who sit on these boards be reviewed and altered to allow for the above recommendations made.

In the past, the federal government has handed over control of Canada's National Airport System (NAS) to the airport authorities in accordance with the national airports policy.

The IAMAW recommends that the government and Transport Canada must continue to exercise control through its contractual and lease relationships with such authorities and through extensive regulatory controls, particularly in the area of aviation safety and security.

The IAMAW further recommends that Transport Canada continue to achieve this control through policy measures, legislation and regulation, standard setting, airport transfer agreements, and airport certification processes.

One of the areas that impact airport workers interests are the actions taken by airport authorities in their daily routine of running the airport operations while workers are performing

their tasks as required by their employers. Some of their actions interfere with the livelihood of these workers and in some cases remove the workers ability to work at the airport without an appeal process that is unbiased or fair.

Therefore, the IAMAW recommends that regulation be put in place to put further controls on the airport authorities. This should provide airport workers with a fair review of infractions and an ability to an impartial and unbiased process to contest decisions made by these airport authorities. These decisions would include suspensions or revocations of any permits required to perform their work at the airport for the company they work for. An increase in procedural fairness must be allowed for in any of these areas that require amendments so that a worker who is impacted by a third party decision can have access to defending themselves.

Another major concern to the IAMAW and their members working at the airport is the practice of "contract flipping". This is where the airport authority puts out a request for proposal (RFP) for certain work to be performed. Once the contract is awarded, although there may be a specified period listed in the contract signed, many times we see the airport authority flip the contract by ending it early or not allowing the contract to be extended if the operator is doing a good job, and always at the expense of workers.

It is important to note that the Emerson review fails to recommend that airport security is the responsibility of ALL airport workers. They all need to go through security and background checks in order to get their Restricted Area Identity Card (RAIC) which enables them to work airside at an airport in Canada. The resources spent by government agencies in issuing these RAICs is time consuming and expensive, yet the turnover of workers at the airports is extremely high. We need to have discussions in regards to implementing within the Labour Code, a system that retains employees when a contract is flipped within the airport.

Within the RFP, there are no provisions to stipulate minimums required such as wages, benefits, working conditions for the workers or a process to rehire the same workers who had been performing those tasks for the previous company who lost the RFP. Companies applying compete against other companies not on their ability to do the work but on how low they can pay the workers they will hire with little to no benefits provided.

Case Study: Contract Flipping involving Wheel Chair Agents at the Toronto Pearson International Airport

The example of 400 IAMAW members, working as wheel chair agents at the Toronto Pearson International Airport and having changed employers 4 times, illustrates the growing trend of contract flipping by the Greater Toronto Airport Authority (GTAA), in the airport ground services industry. These IAMAW members provide service to passengers requiring wheel chair assistance.

These members have been through 4 different contracts, also called "flips" in the last 9 years. They started working for Servisair, then switched to Toronto Ground Airport Services (TGAS), before switching back to Servisair. Finally, their contract was divided up between TGAS, Navstar, WestJet and Air Canada. The consequences for these workers were dramatic: they started back at or near minimum wage; they lost all of their seniority, medical benefits, vacation days and sick days.

Based on this case study, the IAMAW observes that the workers' rights are not protected and urges the Federal government to address this issue, working in close collaboration with the labour movement. Job security is nonexistent when you work in that precarious work environment. When workers have reached their seniority to access benefits and when the wage rate has just raised enough to gain a better standard of living, the GTAA forces companies to rebid the contract and the successor then forces changes on the employees they choose to hire by making them start from zero again after going through a new hiring process. Furthermore, this hiring process is often done on a discriminatory basis, the employer deliberately ignoring specific categories of workers: older ones, workers with disabilities, or even those with work accident history. The employer is not compelled to hire the same employees who used to work for the previous employer.

Another consequence is work productivity. A wheel chair agent whose gained wage rates under the previous contract, now performs the same tasks at a much lower rate. As result, the productivity decreases and performance reflects this problematic wage situation.

Finally and most importantly safety of the travelling public is at a greater risk. In the airline industry all employees working within the airport are deemed to be the eyes and ears for security. Restricted Area Identity Cards (RAIC) are issued to employees after various background checks by government officials.

The IAMAW recommends that both Section 47.3 of the Canada Labour Code and successorship rights be extended when contract flipping involves any employees required to have a RAIC.

This phenomenon causes instability at the airport and workplace when the new contract begins and for the end period left of the old contract. It degrades the service being provided and forces many workers to quit and apply at other companies who offer better wages and working conditions. This action creates security instability and exposes passengers to an environment where they are not getting the service they deserve leaving the airport authorities in the end dealing with complaints filed for poor service. Finally and most importantly, security threat is increased by this trend.

The IAMAW recommends that a core set of values be incorporated into the RFP process for airport authorities, or that the Labour Code be revised so that all airports workers requiring RAICs are protected under the same provisions as pre-board screeners.

The IAMAW recommends that these values should be similar to the workers rights' provisions from the various provincial and territorial legislations including: job protection language for the same employees doing the same job mandating the new employer or company to rehire them, continuation of previous wages, vacation entitlements and benefits, paid to workers, and respecting any seniority or sequence of hire to ensure there is no discrimination against any worker regardless of their age, sex, marital status, and disability.

The IAMAW further recommends, that in cases where there is a Collective agreement in place with a bargaining agent, regulations should be put in place allowing the successorship of the collective agreement previously ratified and the bargaining agent to continue in order to minimalize disruption to workers, passengers and operations at the airport.

Domestic Air Carrier Competition & Foreign Ownership Limits

One of the areas where unions and specifically the IAMAW have been in opposition to is the increase of the present foreign ownership limits and language in place. We do not see the need to allow outside interference in our country, citizens and flying Canadian passengers, or on how companies operate in Canada in relation to existing laws that protect our rights and freedoms as Canadians.

The IAMAW recommends that the existing ownership controls and limits not be changed.

International Air Carrier Competition and Air Policy

The IAMAW sees no need to negotiate increased abilities in new agreements that allow for a more liberalized Open Skies market. Cabotage and allowing the 5th, 6th and 7th Freedom of thⁱ weaken our Canadian carriers and expose them to competition. This also threatens to destabilize their survival and possibly be taken over by another airline or be put into bankruptcy. All of these actions destabilize our air transport sector, its workers and ultimately our Canadian passengers and citizens.

Airport Security Screening and Performance

The report mentions "the Minister of Transport asked that specific consideration be given to the governance and service delivery model for aviation security, and to issues related to the foreign ownership limits in Canadian air carriers." We believe this leads to opening up discussions of privatization of the airport screening in Canada.

CATSA fails to use resources better, causing longer waiting time and frustrating passengers. In 2012/13, 96% of passengers completed security screening within 15 minutes or less. In 2013/14 it dropped to 92%. The former government collected \$636 million from the travelling public for air security but spent only \$550 million, with more and more being spent on administration. CATSA's forecasts of surpluses between 2012 and 2018 are to be in excess of \$681 million over what is being collected from the travelling public and going into general revenue. We need to make sure that the new Liberal government does NOT follow the path of using the airport security funds to offset their general government spending.

3.5 billion passengers travelled in 2015, an increase of 6.8 per cent from the previous yearⁱⁱ. North America represented 29.5 per cent of the global traffic for that yearⁱⁱⁱ. As well, traffic from emerging countries is growing the fastest, due to a middle class growth in those countries.

The reports mentions that "The aim is to reduce the cost burden on the sector and ensure that these savings are passed on to users. Proposals are also included to reform governance structures to allow more competition in domestic and international markets. We believe these measures will create the conditions for Canada to become a leader in safety, security, and efficiency". **We believe the travelling public do NOT mind paying for security as long as it is fast and efficient.** This can be done if the money collected is used for the service that it was intended for, and not be transferred into general revenue.

Regarding the recommendation 1 at page 192 of the report, the IAMAW agrees with recommendation 1 a., 1 b., but do not agree with 1 c. and 1 d.

Airport Security Screening: Governance and Performance

We want to emphasize the need for CATSA to engage more with the trade union movement. Under the current system, CATSA's culture is to refer any dialogue to the service providers, not the unions. For instance, the new threats around the world on airport security come long before a terrorist reaches the check point. Many of the tragic deaths are the results of suitcases and explosives being detonated prior to bags being checked in. Should baggage screening take place prior to entering the airport? This is one of a number of issues that can be discussed with employees and their representatives.

Regarding the overhauling of the regulatory, financing, and delivery models of airport security, whatever system is developed is in part performed by the people who work

in that industry and they know how the system works from the ground. Therefore, the IAMAW recommends that we should be involved in some capacity in that process.

World Class Air Sector Regulation and Certification

Canada is well respected worldwide for its Aerospace sector, its maintenance, repair and overhaul industry, its aviation regulation standards, its education system that educates and trains aviation specialists that maintain our aircraft, and its licensing standards.

The IAMAW recommends that before changes are made all those involved, including the IAMAW, should be consulted.

Chapter 11 – Canadian Transportation Agency

The IAMAW agrees that the Canadian Transportation Agency (CTA) needs to be modernized and its mandate to be broader. We also believe that as pointed out in the report, the government agency " ". Should the mandate of the CTA be "on an *ex parte* basis", it should remain neutral.

Regarding the current lack of sufficient and up to date data, the IAMAW recommends that the data collected by the CTA and Transport Canada should be reflective of all stakeholders involved in transportation, such as workers, the industry, and all users. We categorically reject the idea that it should be done in a "context of light-touch regulatory oversight of a more market-based and competitive system". That's why the IAMAW disagrees with the recommendation 1 b. in that chapter. Also, impact studies may be required at times for a more balanced approach in the policy decision-making process.

Overall, the IAMAW agrees with the recommendations in this chapter but they needed to be tempered by the fact that the agency needs to remain neutral, continues to report to the Minister of Transport. Finally, the collection of data should reflect all stakeholders involved.

Conclusion

This report contains no recognition or attempt to recognize the concerns and issues being experienced by those working in the transportation sector. Interestingly, many of the recommendations regarding the CTA are at odds with and contradict the Liberal government's

objective of "to strengthen the middle class and those working hard to join it."^{iv} As a result it will be interesting to see how our newly elected Liberal government will react to it.

The major issue of "contract flipping" was discussed in this submission. It is a growing trend and there is an urgent need for reforming the Labour Code in order to protect those workers. We welcome any dialogue with the Minister of Labour and the Minister of Transport on this issue.

The report states that the key question underlying each of the recommendations was: "What changes in policy approach, actions, and/or investments are required to ensure that the system is prepared to meet the challenges envisaged in the next 30 years?" **The IAMAW** represents the vast majority of workers in the air transportation industry, and that during the development of the new policies, **it is imperative that input be obtained from the IAMAW who represents this large workforce during their drafting and not after they are adopted.**

ⁱ Source : Website of the International Civil Aviation Organization (ICAO), accessed on August 30, 2016 : <http://www.icao.int/Pages/freedomsAir.aspx>

ⁱⁱ Source : Website of the International Civil Aviation Organization (ICAO), accessed on August 30, 2016 : <http://www.icao.int/annual-report-2015/Pages/the-world-of-air-transport-in-2015.aspx>

ⁱⁱⁱ *Ibid.*

^{iv} Source : Minister of Finance Mandate Letter, accessed on August 30, 2016 : <http://pm.gc.ca/eng/minister-finance-mandate-letter>