

Minister Ged Nash TD
Minister for Business & Employment
Kildare Street
Dublin 2
D02 TD30

22nd December 2015

Re: Study on the prevalence of Zero Hours contracts – Recommendations

Dear Minister Nash,

I am writing to you in relation to the recent study on the prevalence of Zero Hour contracts conducted by the University of Limerick and the recommendations set out in the report.

CAE Parc Aviation's Business

CAE Parc Aviation is a leading provider of aviation personnel on a global basis and the leading supplier of technical services to the aircraft leasing industry. The vast majority of the pilots that we have on contract with our client airlines work outside of Ireland and are subject to the employment laws of the countries that they work in and therefore the recommendations if enacted would have little or no impact on the pilot provisioning side of our business. The aircraft leasing support side of our business would however be impacted in a very negative way.

In Ireland we employ in our aircraft leasing support business unit over 50 people on a full time basis and over 300 on a contract ad hoc basis. While most of the 300 are employed or contracted in overseas jurisdictions, at least 50 would provide services in Ireland when required.

The Aviation Industry in Ireland

The aviation industry is a vital industry in Ireland and is viewed and established as an industry where as a country we punch significantly above our weight on a global scale. I recently took part in one of the sectoral breakout sessions at the Global Irish Economic Forum held in Dublin Castle in November. The invitation came through Enterprise Ireland and the group focussed on aviation and what the Government and the industry could do to help expand and grow the industry and therefore help create and sustain additional jobs in the economy. The breakout session agreed that Ireland has a leading position globally in aircraft leasing, approximately 20% of the world's civilian aircraft are managed out of Ireland. Most of the world's leading aircraft leasing firms are either headquartered in Ireland or have a significant presence here. There are a whole host of other firms supporting this industry. CAE Parc Aviation is one of those firms. We supply a number of services such as aircraft design, ferry flights, borescopes, technical records inspection and asset management etc. These services are all highly regulated not just in Ireland but globally, but one common theme for all these services is that the demand for them tends to be sporadic and unpredictable.

Minister Gerald Nash TD

23 DEC 2015

Minister for Business and Employment

Individuals have to be approved by the relevant aviation authority and the approvals are aircraft specific. In order to ensure that we can supply the industry we therefore must contract with a pool of personnel to cover the various aircraft types and jurisdictions. Despite the fact that the industry is a very high value industry it is still price conscious and sensitive. The Irish Aviation Authority recognises the importance and value of the leasing industry and competes aggressively to attract additional aircraft onto the Irish register, increasing the size of the business resident and operating in Ireland.

The number one criteria that leasing firms look for after quality is flexibility and the recommendations proposed in the report will unfortunately reduce the flexibility in a major way.

Impact of Recommendation 4

The services we provide are mainly provided around aircraft lease transitions, where an aircraft comes off a lease with one airline and goes onto a lease with another. These events typically happen every 5 to 6 years per aircraft. As the specialists are often specific to aircraft types, there is no way that we can predict with any certainty what volume of work we will have for an individual in any given month let alone a year. Therefore recommendation 4 which would stipulate the minimum number of hours we would have to guarantee based on the previous 6 months would be highly penal. The individuals we contract with are typically paid between €280 and €700 a day. Some individuals may only be used for 4 or 5 days in the year; some can be used for over 200 days. If we used a consultant for 2 months to help on a particular transaction this would therefore require us to have to pay them up to €42,000 in the following 6 months despite the fact that we might not have any work for them! Our business is not one which can be managed by way of rosters as it is skill specific.

Impact of Recommendation 5

Much of the work that we undertake is exceptional, contingent and does not happen as planned. This is typical with aircraft transitions. It is a regular occurrence that aircraft won't move as planned at the end of the lease. This can be due to several factors down to the technical readiness of the aircraft, weather, financial arrangement, flight permits etc. Under Recommendation 5, if we are required to give 72 hours' notice or in the absence of such notice, pay the individual 150% of their normal rate, it would mean our service would become uneconomical. By way of example, we are currently being asked to move three aircraft out of Russia to bring to Europe. As the aircraft are registered in Ireland we must use pilots who are approved by the Irish Aviation Authority and are specific to the aircraft type in question. In order to fly the aircraft the pilots must obtain Russian airside passes which can take weeks to obtain. In addition, as the aircraft are not yet 100% airworthy as they were under maintenance at the time the aircraft operator ceased trading, the European Aviation Safety Authority and the Irish Aviation Authority have to issue flight permits. We are therefore dependent on two totally separate and independent bodies to issue documentation before we can move the aircraft and we cannot determine exactly when we will be able to move the aircraft. If we are required to give 72 hours' notice to the pilots this could make the move unviable as one of the permits may have run out within the 72 hour period.

Likewise if we have to give notice of not less than 72 hour of cancellation, this would have an equally negative impact.

Impact of Recommendation 7

Recommendation 7 is not a problem for us as the individuals would all be paid a daily rate in any event.

Impact of Recommendations 8 and 9

Recommendations 8 -9 would be of no use as the aircraft leasing industry is by and large non-unionised and therefore collective bargaining is not likely.

Impact of Recommendation 10

Recommendation 10 is not an issue as these individuals are highly mobile and remunerated and highly unlikely to avail of any social welfare supports

Conclusion

The recommendations if enacted would ultimately make Ireland a much less attractive place for leasing firms to transit aircraft through between aircraft leases and a less attractive place for airlines to undertake aircraft maintenance work. This would go against the Government's published policy on Aviation¹ which includes trying to make Ireland more attractive for this type of work and would equally make the job of the Shannon International Aviation Services Centre much more difficult.

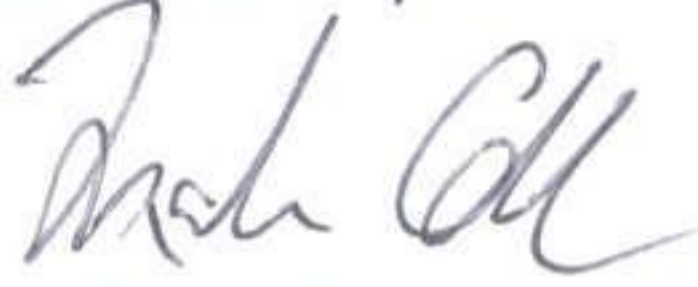
If these recommendations as published were enacted, CAE Parc Aviation would have no option but to contract with its consultants / pilots outside of Ireland and ensure that no work was performed in Ireland. Alternatively, if the legislation was enacted in such a way that it applied to Irish firms regardless of where the work was performed, we would have no option but to move the entire operation out of Ireland.

While my personal belief is that the recommendations go far beyond anything that is needed especially as the report did not find any extensive use of Zero hour contracts in the first place, I believe that the Government has to be extremely careful of the unintended consequences of these recommendations. The report does highlight unintended consequence. While the report focused on ways that employers may try and get around the rules, a much bigger unintended consequence is the impact these recommendations would have on industries operating in a global context and where our primary competitive advantage is flexibility. These recommendations would destroy the flexibility advantage. Therefore it is likely that many high paid jobs in Ireland would be lost and any attempt by the Government bodies to grow this sector would be severely hampered.

I would be more than happy to discuss the report, its recommendations and their potential impact to my firm and our industry with you or any of your officials. I have no doubt that improvements can be made to combat abuse of workers through "if and when contracts". However, introducing these recommendations would be extremely damaging to the aviation leasing support industry and the aircraft maintenance industry in Ireland.

¹ A National Aviation Policy for Ireland" dated 20th August 2015 launched by the Department of Transport, Tourism and Sport.

Yours sincerely



Frank Collins
Vice President & Global Business Leader
CAE Parc Aviation

CC Julie Sinnamon, Chief Executive, Enterprise Ireland
Geraldine King, Director, National Recruitment Federation

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