

Summary

The organisation of the Norwegian aviation sector in a European context

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This report analyses how Norwegian aviation is organised today and discusses how the sector could be organised differently within the framework of EEA regulations. The report finds that atypical employment among pilots and cabin crew, enabled by the introduction of a common EEA aviation market, seems to be an increasing problem in Europe. This puts pressure on pay and working conditions within the industry and also appears to affect safety. Thus, the industry needs better regulation and better control at the national, Nordic and EU-level. The report suggests several actions. These include: a) changing requirements in public procurement, b) implementing a reference index or ensuring general application of collective wage agreements, c) collaborating with other Nordic countries to improve conditions for both employees and companies in the aviation sector, d) introducing stricter procurement criteria for suppliers of PSO-routes, e) strengthening the supervisory authority and expertise of the Civil Aviation Authority, f) improving Norwegian legislation for employees in aviation, and g) working towards the implementation of various measures at EU-level.

The aviation sector in Europe has been liberalized as a result of the implementation of the EU's three aviation market packages in 1986, 1990 and 1992. Within the European Economic Area (EEA), market regulation of aviation is mostly harmonised, and the area functions as one common aviation market. The rules stipulate that there must be equal market access for different players based in the area, regardless of country background. Through the EEA-agreement, Norway is part of this common market. Since the liberalisation/market opening three decades ago, there has been strong growth in the aviation sector in Europe and also globally. More routes are offered, more cargo is transported, and, at least until the Covid-19 pandemic struck, more people were flying than ever before. There is much more intense competition now between various service providers within the sector. Flight tickets have become significantly cheaper, partly due to the increased competition and the establishment of a number of low-cost carriers.

However, this competition is not only positive. The organisation of the companies and value chains in the sector impacts the pay and working conditions of the affected employees. The establishment of a common European aviation area with joint market regulation has opened for new ways of organising the businesses in the sector. The intense competition for low prices in aviation has put pressure on the pay and working conditions of employees in European aviation. It now appears that there is a "race to the bottom" within Europe, where the working conditions of employees are put under ever increasing pressure, workers' rights are challenged, airlines are reorganised and split up in new and creative ways, and to an increasing extent, employees are no longer directly employed by the companies they work for.

This also applies to airlines that are regarded as Norwegian and to their employees, partly because the right to establish routes between and within EEA countries enables low-cost airlines to capture market shares. The establishment of low cost carriers may be inevitable, but there are signs that airlines within the EEA are conducting "regulatory shopping" across Europe to reduce their costs and thereby put pressure on others to do the same so that they will not lose out in the competition for customers.

Therefore, it is relevant to examine the pay and working conditions of employees in Norwegian aviation today, and what kind of measures could be implemented to close gaps in the legislation in Norway should the analysis show that pay and working conditions are under undue pressure here as well. This report examines the following issues:

- 1) How was aviation in Norway organised in 2021?
- 2) What do pay and working conditions for the employees in the aviation sector in Norway look like?
- 3) What are the desired and possibly also undesired/controversial consequences of various interpretations of today's regulations for the employees and the businesses?
- 4) How is aviation organised in other countries, for example France?
- 5) How is aviation organised compared to road and maritime transport?
- 6) What possibilities do the Norwegian authorities have to reduce these potential undesirable consequences within the framework of the EEA-agreement?

The report documents how aviation in Norway is organised and regulated. The analyses are based on both existing research and assessments, and new data gathered through for example interviews. The occupational groups that are studied are first and foremost pilots and cabin crew, and the report focuses on commercial passenger transport with fixed wing aircraft. It may become necessary to conduct additional in-depth analyses and new studies of a number of the issues that are addressed in this report.

The majority of the workforce in the sector, estimated to around 80%, are directly employed by the airlines both in Norway and in Europe. However, there seems to be a negative trend where fewer and fewer people have direct employment, particularly employees from Eastern Europe. Atypical employment has a negative influence on safety and puts pressure on just culture. At the same time, it also makes it hard for the employees to know their rights, which national law applies to them, etcetera. Moreover, atypical employment helps to create an unlevel playing field between the European airlines.

The data also show that pilots in Norway, although they have fallen behind in terms of wage growth compared to the average industrial worker, on average still have very solid wages and are one of the occupational groups that earn the most. Cabin crew, on the other hand, have gone from being a relatively well-paid occupational group to being low paid. The fact that many cabin crew work part-time does not make their situation easier. Both pilots and cabin crew experience demanding work schedules and seem to have many health issues compared to other occupational groups. The positions in aviation can negatively affect family life. In various Norwegian surveys, many employees have answered that they have a bad relationship with their employer.

To conclude, we propose various regulations of company structures in the aviation industry to improve the conditions for employees and companies and create a healthier competition:

- 1) **Change requirements in public procurements, for example by disallowing cooperation between various service providers to win public tenders. Moreover, the introduction of an Oslo/Norway model for public procurements should be considered.**
- 2) **Implement a reference index or ensure general application of collective wage agreements in aviation, potentially get in place a nationwide collective**

agreement between the central organisations for pilots and cabin crew and the Federation of Norwegian Aviation Industries.

3) Collaborate with other Nordic countries to improve working conditions both in the Nordics and within Europe. Suggestions:

- a) The civil aviation authorities in the Nordic countries share data and all use the same methods to reveal and deal with breaches of the labour market codes in aviation.
- b) The Nordic countries share data on aviation to a larger extent than before.
- c) The Nordic countries work together to establish a common understanding and application of the legal framework that protects the Scandinavian/Nordic labour market model.
- d) The Nordic countries implement the Oslo/Norway model for public procurement to ensure decent working conditions.
- e) Get more countries to ensure the universal application of collective wage agreements. At present, there is no general application of collective wage agreements in Sweden and Denmark (Bergsli, 2015).
- f) Introduction of collective redress in all Nordic countries so the unions can institute legal proceedings in cases of unlawful use of hired labour (Birkelund, 2021; Regjeringen, 2021).
- g) Certification with the Nordic Swan Ecolabel for airlines, based on the extent to which the airlines comply with certain environmental and social requirements.

4) Implement stricter criteria in public tenders for public service obligation (PSO) routes. This does not only apply to environmental requirements, but also includes:

- a) Pay and working conditions in accordance with either a reference index or a generally applicable collective wage agreement.
- b) Requirement that the winning supplier of a PSO-route must establish a local base.
- c) Requirement that at least one employee on each flight must speak Norwegian.
- d) Maximum working hours per day: 10 hours.

5) Strengthen the supervisory authority and expertise of the Civil Aviation Authority (CAA) in Norway.

The CAA needs more resources to properly follow up pay and working conditions in the aviation sector and to ensure that all workers on “Norwegian” domestic routes receive labour and HSE inspections. The aviation authorities within the EEA should collaborate to a greater extent. Another possible option is to establish a Norwegian national centre for aviation research to fill any knowledge gaps.

6) Improve Norwegian legislation for the employees in the aviation industry.

The terms home base and operating base should be defined in Norwegian law. Norwegian law should probably demand that airlines that regularly offer transport within Norway and to and from Norway establish bases in Norway. Employees who regularly work for companies which are in Norway for more than one year should have access to Norwegian rights, wages and obligations and be subject to Norwegian law. The Norwegian state should work to prevent atypical employment. One strategy would be to establish clear national rules to prohibit bogus self-employment and also to create a definition of “self-employed” within Norwegian

law. The recommendations from the Fougner expert committee are relevant in this regard. The group for example recommends that employees' right to re-employment in their previous positions is strengthened. The Fougner committee also recommends the introduction of a rule where employees in downsizing processes will be given priority when vacancies are announced in the same group of companies.

7) Various actions at the European level

- a) Work to reduce the maximum number of working hours per day allowed by the EEA regulations, i.e., the flight time limitations (FTL), so that they are reduced from 14 to 10 hours per day as in the United States.
- b) Continue to work against social dumping in aviation.
- c) Systematically follow up new developments in aviation, as the companies in the sector frequently find new ways of organising themselves.