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Why are BA Pilots about to strike for the first time in 30 years?

There is never a right time to alienate anyone, least of all the people that matter most in a service industry – our customers and colleagues. Given current performance, BA's continued belligerence doesn't make sense.

BALPA has never been a militant union. Despite some very complicated recent negotiations regarding Pensions, Pay and Work Coverage, we had developed an effective, professional, business-partnership approach with BA and succeeded in areas where many analysts predicted conflict. This success was largely due to an acceptance by both parties that inventive solutions addressing both parties' concerns, rather than the positions reached, is a solid methodology. We still believe this to be the case.

The issue we are on the brink of Industrial Action over has been handled very differently by BA. In previous negotiations all ideas were on the table; this time BA has constrained what could be discussed. With Pensions, Pay and Work Coverage, extremely sensitive information was shared and confidentiality agreements were signed and adhered to – this time all information exchange has been refused right up to ballot result. These successfully negotiated agreements saw many options tabled, priced and rigorously tested; this time alternatives have not even been considered. We don't know why BA has changed its approach, but such behaviour does not engender trust.

So, what's it all about?

BA is starting a new airline that doesn't use BA pilots.

Put simply, the dispute is about maintaining employment contracts and ensuring job opportunities for BA pilots. BA has stated that where market competitive prices can be achieved, BA resources will

be used in their new European airline – OpenSkies. Despite this, BA has refused from the outset to consider using BA pilots. No cost analysis has been completed and BALPA's offer of market rate prices has been ignored. In the evolving, deregulated world of aviation, BA pilots must have access to core growth opportunities outside London. This is known as "Scope".

BA has refused to acknowledge BALPA's concerns. The Company concluded our internal dispute resolution process with a "final offer"; they walked away from negotiations. Our ballot result indicates an overwhelming majority of BA's pilots (86% of returns) refuse to accept BA's final offer. We're about to explore conciliation through ACAS but BA's position has to materially change. If intransigence continues we will be left with the stark choice of the final offer or industrial action.

What is Scope?

Scope describes which pilots operate BA services. BA pilots have a contract of employment – a legally binding document that is amended in light of economic and regulatory circumstances at any given time. Such amendments are normally negotiated in accordance with the business partnership approach described above. This document was last amended in 2003 as a result of the economic impact of 9/11 and other global woes that seem to plague the aviation sector. The contract states (Schedule K of the Memorandum of Agreement – MoA):

"This agreement seeks to take account of the concerns that the Association has in respect of employment security and career development whilst not impeding the commercial development of BA plc."

BA is starting a new airline that doesn't use BA pilots – doing so breaks the intent of 'Scope' because these career opportunities are lost. Our current jobs are under serious threat too.

Why is this important now?

New challenges have arisen with deregulation of the EU-US market. Previously, routes between the US and Heathrow (BA's most lucrative market) were restricted to four airlines. With the advent of the 1st Stage Open Skies deal, which begins in March 2008, flights between any point in the EEA and anywhere in the US are no longer restricted. This means many other carriers will operate from Heathrow, but rather than simply retracting under this pressure, BA has decided to compete with European Airlines in their own back yard. BALPA welcomes such ambitions and has supported the concept of taking the BA brand to the European markets. As professional pilots we form an integral part of BA's brand and its well earned reputation. The opportunity to extend our reach is a genuinely exciting one. But instead of including BA pilots in this new venture, the company will expand by setting up a new airline crewed by a new and separate pilot workforce, despite the fact BA pilots have the right to live and work anywhere in the EEA.

BA is breaking the intent clause in our contracts now. Already 15 non-BA pilots have been employed by OpenSkies – these are lost employment opportunities for BA pilots.

OpenSkies is outsourcing of BA Pilot opportunities. These are BA Aircraft, in BA colours, with BA management, riding on the back of the BA brand, utilising BA profits in a regulatory environment that will allow this new airline to undermine the jobs of BA pilots. That is why we want to update our "scope" clause (Schedule K) but the company have stated:

"even If BALPA was minded to recommend the Company's proposal, BA would not even consider making any proposed changes to schedule K to meet the changed regulatory environment."

How does Seniority fit into this?

Because of the cyclical nature of the aviation industry, most major airlines have adopted a seniority system. This is a system whereby promotion opportunities become available as a result of length of service. Pay and lifestyle options also improve with your time with the airline. This system means it is very unusual for an experienced pilot to transfer to a new employer – to do so would mean starting at the bottom of the new employer's seniority list. Seniority enables major airlines to retain staff and reduce training costs. Training costs are a significant item both in terms

of actual price and lost flying availability – a typical course will remove a pilot from revenue flying for around six weeks.

BALPA believe the link of common seniority (i.e. all new pilots whether BA or OpenSkies join the Master Seniority list) allows all BA group pilots to work together to maintain the terms and conditions of the parent group. It ensures the new airline can grow and the terms of that group can improve as the business starts to prosper. It also ensures there is open access to career opportunities for both groups. It is a no cost option to BA.

Whilst BA and BALPA could construct an extensive agreement to provide the employment security required, it would require significant monitoring, interpretation and would be open to abuse; common seniority works invisibly in the background ensuring the same thing.

What is BA's final offer?

During the previous negotiations mentioned above, both parties concerns and objectives were openly discussed. Potential stumbling blocks and the logic behind any fears associated with them were outlined. Not this time. BA's offer is final. Our fears have been dismissed out of hand.

BA's plan for OpenSkies sees six aircraft flying within two years. BA has offered a limited number of secondment positions on aircraft 2 to 6 and will "consult" (tell BALPA what will happen) should there be any expansion beyond this level. They will offer interview opportunities for OpenSkies pilots wishing to join BA but no automatic right of transfer or access to BA flying based on the date they joined OpenSkies. Without free-flow of pilots between the two airlines, the separate pilot groups will be pitted against each other to scrap for the limited resources of the parent company.

OpenSkies starts from scratch without seniority and with terms and conditions significantly lower than those available in BA. This may be appropriate for a fledgling airline trying to expand but if this airline was truly independent it would need to compete at market rates to retain staff and minimise major expense in relation to pilot training costs.

BALPA has offered to analyse BA's Business Plan regarding OpenSkies and match the cost base required. BA consistently quote "cost" as a reason for its intransigence; but at a recent pilot forum, our Chief Executive – Willie Walsh, was asked two telling questions:

“If BALPA were to match OpenSkies costs, would you discuss a single seniority list?”

Mr. Walsh replied “No”

“What would BALPA need to offer to get OpenSkies pilots on the Master Seniority List?”

Mr. Walsh replied “OpenSkies start up costs forever!”

What are BALPA’s concerns?

This final offer breaches the scope agreement. There are no employment opportunities on aircraft one, limited access on aircraft 2 to 6 and no guaranteed access beyond aircraft 6.

Additionally, employment security is undermined by the creation of a separate group of pilots within the BA family. This ‘airline within an airline’ will compete with BA for funds from the single parent company. Every Company should invest to maximise returns; to do otherwise would not be sound business sense. With lower costs and a greater return on capital, significant investment will migrate to OpenSkies and this is likely to include any large-scale consolidation resulting from deregulation. Large scale expansion will lead to career opportunities and rapid promotion within OpenSkies. This will allow terms and conditions to remain artificially low (any new co-pilot will remain on low pay for two years to get an early command and the associated pay increase – any existing OS 757 Captain will stay to gain a 787 position) which ensures further growth and further migration of investment away from BA. BA pilot careers will suffer significant harm if we are not part of this operation from the outset.

Keeping the two pilots groups separate ensures OpenSkies pilots will have no interest in the terms and conditions in Mainline. They will work for lesser conditions in order to secure work and opportunities which should belong to BA pilots. This is the true reason for BA’s belligerence.

This “Trojan Horse” model has been used successfully in Qantas, Iberia and American Airlines to generate a new, cheaper, growth vehicle that eventually undermines the Terms & Conditions of employment for the core airline’s pilots.

This artificial suppression gives Mr Walsh what he would like most – OpenSkies start up costs forever!

So, what do BALPA want?

■ Every pilot flying a BA Group aircraft to be selected and trained to the standards that we all demonstrate; the standards that define our brand; the same brand BA is using to sell OpenSkies.

■ Schedule K revising so that it is fit for purpose in today’s regulatory environment.

■ A common seniority list that allows reciprocal access to all BA Group flying on appropriate terms and conditions and recognising any ‘engagement freezes’ that may be applicable.

This dispute isn’t about BALPA defending outdated practices and historically high pay. We have offered BA the ability to employ pilots into the new operation at market rate and with local terms and conditions. We have a good track record of acting in a progressive manner.

Changing schedule K in no way restricts BA’s ability to expand. It doesn’t limit BA’s flexibility in exploiting new opportunities. It doesn’t introduce unsustainable costs or threaten the long-term viability of OpenSkies.

Master seniority for OpenSkies pilots will enhance staff retention and reduce training costs. More importantly, master seniority motivates employees and enhances loyalty particularly where early commands will be available through solid growth.

A new Schedule K and success for the BA Group are not mutually exclusive as BA would have you believe.

Why should BA’s position change?

Many analysts believe OpenSkies is a risky, marginal venture with little chance of success. To give it the best chance of success, BALPA has agreed to analyse the start up costs that BA require for a significant period of time. BALPA has agreed that Captains can join OpenSkies directly – something that has never been available to BA before. These are significant concessions around market rate remuneration and local agreements.

It is sound business practice to examine all possible cost bases before making a decision; particularly when trying to source a critical, professional labour-supply in a time of global shortage. The added flexibility such an existing source provides is also worth factoring in to any decision.

BA has offered assurances that they won’t use OpenSkies to attack mainline terms and conditions but they will not incorporate such assurances into the MoA; so these ‘assurances’ remain empty promises without any legal enforceability.

BA is downplaying risks, denying any intent to aggressively expand and claiming it complies with agreements. BA claims this is an over-reaction by BALPA. BA insists OpenSkies will not divert funds from

Mainline and will never present a risk to our employment security.

BA is missing the point; as mainline flight crew we want to be part of BA's expansion wherever that occurs. We are part of the solution, not part of the problem. Our interests should be aligned, not divergent

If OpenSkies truly is a 'speculative venture', a 'toe-dipping exercise with little more than a 50% chance of success' an agreed change to Schedule K would be of no concern to the company.

There is no need for damaging, expensive and lengthy Industrial Action. Only our competitors will benefit from such action and waste of resources.

There is every need to protect our agreements. We will continue to protect them for as long as necessary.

We can see the opportunity for OpenSkies to be a growth vehicle without the constraints we face in London. We want to be part of that. Ultimately, with OpenSkies pilots aspiring to our T's & C's and full and free seniority based access, we will all work together to protect the best terms we can.

But BA want "reduced T's & C's" on an ongoing basis, irrespective of the success of the company.

BA simply do not want to share growth with us. This is not a sensible economic model.

We will not sit idly and allow this to happen.

This whole issue appears nothing more than corporate greed.

What BA will do

BA will probably close down the airline two days before any intended Industrial Action.

They will blame the significant impact of this on the pilots.

It is likely BA will miss its oh-so-close target of a 10% Operating Margin this year. Missing this target means BA employee's will not achieve any earnings related bonus – the blame for this will be laid at BALPA's door (the impact of BA's illegal activities and continued poor baggage performance will of course be ignored).

We believe T5 is significantly behind schedule. Industrial Action may be used to justify delaying our move to T5 as a further attempt to vilify BA pilots in the eyes of our customers and colleagues. It's ironic that BA may try the "Heroes to Zeros" spin.

Reality

Despite a significant mandate from members, BALPA offered conciliation to find a mutual solution. We are fully committed to conciliation on this matter. It is disheartening that a very public ballot has been necessary to achieve engagement from BA but we expect a return to analysis based business decisions or there will be troubled skies ahead. Industrial action is the very last resort for all BA Pilots. To a man (and woman) we dislike the idea intensely. It goes against the grain of our professional ethos. We are an extremely dedicated bunch whose natural inclination is to keep the show on the road at all costs. We are here for a 30–40 year career and care deeply about BA, our colleagues and the service we give to our customers. That we are now on the brink of taking this unpalatable action is indicative of the extent to which our pragmatism and goodwill has been abused.

Frankly, we don't expect public sympathy – after all, industrial action will affect travel plans for many thousands of our customers and has the potential to jeopardise the future for many BA staff. Equally, the usual stereotypes regarding pilots will be played through the media – "Pickets with Porsches" will undoubtedly herald much derision of yet another dispute at BA. We would like the travelling public to recognise the cause of this unnecessary fiasco and make plain their dissatisfaction with BA's poor management.

Whilst it may be satisfying to put the blame for this dispute on "Pilot Error", the reality is that a moderate, professional Pilot Association will not accept being marginalised in this way. That Industrial Action will impact on our Customers and Colleagues alike is extremely sad. We have been trying to talk to BA about this plan for 9 months, and they have refused to discuss the matter in any meaningful manner. To that end, we are clear about where responsibility for this situation lies. Equally, it is clear that the solution lies in a return to an effective, professional, business-partnership approach. This solution needs to value ALL employees and customers alike.

For further information please visit www.baplane-bapilot.org