



Report from the 2008 Annual Meeting European Works Council of Bombardier Inc. (BEWC) St Amand Les Eaux, France.



Delegates had an opportunity to get an impression of the excellently organised factory during a tour of the BT plant in Crespin. Key products currently manufactured in Crespin are the regional trains – AGC – for the Ile de France region, centre coaches for the TGV and bogies. In Crespin, equipment is obviously provided which has already been discarded by cost-savings programs at other Bombardier factories, such as crash-test special component tests, e.g. shelling of windshields. Equipment of such kind, however, is required for a successful development of the products.

In opening the two-day meeting the Speaker of the Employee Representatives in the BEWC gave a full report on the key events since the 2007 meeting.

Further improvement of the communication within the BEWC is stabilising cooperation. The goal is the continuous integration of all delegations by systematically using modern communication technologies. The standardised Country Reports provided by the delegations are a rich source for interesting and informative individual information.

Other topics discussed by the Liaison Committee and Management Representatives:

- Improvement of information provided to the BEWC according to the BEWC Agreement, in particular regard to the economic and financial situation of the company.
- Closer cooperation is planned with Transmash Holdings.
- Effects of the insolvency of Metronet, in which Bombardier held shares.
- Reorganisation of the Services' Division.
- Development of a new aircraft – the C Series, production shares in Belfast and production depth.
- Bombardier's Code of Ethics – the Management Representatives said the concerns voiced by the Delegates during the Plenary Assembly in 2007 were taken very seriously and should be incorporated in the National Regulations.
- Purchasing strategies in the so called low cost countries were widely discussed. A total cost calculation in the Code30+ Project was missing.
- The concentration of activities provided by HR Departments (HR Transformation) was debated.
- The general Business Development was debated.

In a special meeting with Mr. Navarri the new Bombardier Transportation organisational structure was explained to the Liaison Committee. We should emphasize that another overall upswing is anticipated in the rail transportation sector and that the BT strategy would be geared to the future growth of railroad traffic. BT's market share has grown from 21% to 23%.

The Delegates now expect this growth to have an impact on employee numbers.

In the Internal Meeting of the BEWC an Expert gave a presentation on experiences of other European Works Councils. The goal of this information exercise was to learn from positive examples about how to better represent the transnational interests of employees.

An expansion to Consultation Rights is urgently needed.

The handicap of the BEWC Agreement is the fact that it was made under British Law and the position of employees under British legislation is relatively weak.

The Liaison Committee is the Executive Commission of the European Works Council of Bombardier. Employee Representative Members are – Johannes Hauber, Speaker of the Employee Representatives (Germany – BT); Anders Carlsson (Sweden – BT); Mick Roberts (UK – BT); Volker Schaardschmidt (Germany – BT) and Walter Wilson (UK – Aerospace).

Disappointingly the British Labour government again responded in a negative way to minimum improvements tabled in the revision of EWC Regulations in June 2008.

The BEWC Agreement is based on British Law because Bombardier declared its European Headquarters to be in Belfast. We discussed whether this actually must remain in place as Central Management is based in Canada with BT Management based in Berlin.

Working Conditions

Temporary Employment is a pan-European issue

The BEWC will develop an overview of different regulations for temporary work in Europe. There is an agreement that the following principle must apply – ‘Equal Pay for Equal Work’. This equality principle must apply for all conditions of employment.

In view of the high order volume and an additionally expected high order inflow, HR planning must focus on the permanent employment of workers and training measures. The Delegates refused to impose market risks on temporary workers with precarious industrial relations. BT did expand staff numbers, but the number of employees with unsecured employment contracts or temporary workers was increased further than the number of permanent employment contracts. More than half of the approximately 1,800 hires in the last 12 months were given limited employment contracts or temporary employment contracts.

Furthermore the Delegates noted with concern that workloads continued to increase so that even agreed upon Annual Leave could not be taken according to personal preferences and that pressure to change Collective Agreements was applied.

Safeguarding of Collective Agreements

The pressure exercised by Bombardier Management on the national and local interest representations has increased tremendously in the meantime. Delegates from different countries complained about Management ‘threatening’ them with production relocation measures, partial closures or the closure of entire factories if Union Representatives were not willing to change Collective Labour Agreements in order to reduce costs. The BEWC will develop a strategy in order to be able to adequately represent all employees in Europe facing the threat of wage dumping. Bombardier Management must be challenged so that it abandons any strategies that seek to raise profitability through decreasing Collective Labour Agreement standards.

Concrete working conditions are our basics and the reality is that if one area is threatened with cost reduction issues then this affects everyone one of us.

Prompt information exchange is therefore more urgent than ever.

Code of Ethics

There is acceptance that the Code of Ethics should be agreed with the representation entities of the employees. This will lead to different regulations. In order to secure National Laws it was, and is, decisive that Trade Unions or Works Councils act in an energetic and courageous way.

In recent years close cooperation within the BEWC led to a successful joint resistance against the heavily contested, centralist Code of Ethics released by Bombardier. The main point of contention was, and is, the limitations of the exercise of democratic rights. There was agreement that the Code of Ethics must be governed according to the National Laws and that Bombardier would not release any instructions on decisions in the individual countries.

Bombardier Operating System (BOS)

There was a first exchange of experiences on BOS. BOS will essentially influence working processes and working conditions as well as the entire working culture.

Delegates concluded that local Trade Union involvement in BOS was essential to ensure that best interests of the business and employees were always served. In order to prevent negative effects on the employees we must intervene, improve and reinforce the influence of our colleagues to shape the production conditions.

BOS claims to build up on an assessment based concept. The project needs to be measured by this claim. Delegates felt that involvement of employees would only happen if in-sourcing along with other forms of expanding the business volume so as to protect jobs were implemented parallel to productivity increases.

The Delegates all agreed that optimisation of production areas in isolation would not be sufficient. It was necessary to optimise the entire value-added chain including Marketing, Design, Engineering, Procurement and Planning, Logistics and Delivery.

Services' Division

The Services' Division has been neglected in recent years with market share lost to the competition. Both in the UK and Germany there has been major restructuring measures with considerable pressure on the employees including loss of jobs.

Mr. Troger outlined via his presentation the importance of Services in BT and what was happening in this market. Services' carried out a mix of activities from short-term to very long-term and trouble shooting to life cycle costs. The Division had 5,000 employees in a highly flexible organisation and operated in a very competitive landscape. The long-term business outlook was influenced by – outsourcing, deregulation, growing refurbishment requirements and increased life cycle maintenance packages when building new vehicles. Flawless execution of contracts would be key to profitable growth and this involved removing complexities.

Service delivery performance to customer was measured by quality, delivery and cost.

The Division must be very closely geared towards the customer; therefore the Organisation has now been restructured into 4 Regions with Profit & Loss responsibility on country level. The Division, by definition, needs a decentralised and very lean structure.

Delegates expressed concern that there is still centralisation on a working level which detracts from customers and competences.

Delegates wished to see an end to over-complicated, time consuming reporting as it was felt this would help create a better, more customer-focussed business. Services' depends on the technical expertise and the commitment of the employees.

The long years of disrespecting the employees in the Services' Division must be stopped.

Aerospace

The decision to launch the C Series is an important event for the Aerospace operation in Belfast.

The C Series is an important development for Aerospace, which requires a high investment. It is a globally manufactured aircraft, whereby the wings are manufactured in Belfast using state of the art composite materials technology. The development project is financed by business partners that includes government assisted loans and liabilities of major suppliers.

Mr. Beaudin explained that the C Series project requires an investment of \$3billion. Aerospace and Transportation would provide this investment. There was no answer as to how large the funds are that will be moved between the Aerospace and Transportation sectors.

Transformation of the HR Division

In order to standardise the 56 different payroll accounting systems this activity is planned to be outsourced.

About 15 employees would be affected in Europe. Data input should continue to be performed by HR Departments. The core competences of the HR Department i.e. HR Administration and HR Development remain in place.

Delegates voiced concern about the introduction of a Call Centre based system and expressed apprehension over the quality and user value of such an approach.

Criticism was expressed on the impact of the HR Restructuring. The HR Administration is weakened because contact persons will be missing. Delegates stated the view that on a local level an interface between employees and management would need to be reintroduced.

In the Internal closing discussion between the Employee Representatives the Liaison Committee were assigned to drive forward the key aspects of the joint activities for the next year. These are amongst others:

- Measures to further optimise communication
- Agreement with Bombardier Management on comprehensive and timely information
- Creation of a joint platform to represent Bombardier's 30,000 European employees

The Delegates agreed to develop the BEWC to a closed and productive board in which Employee Representatives support each other in order to be able to pursue the interests of all employees.