PERMANENT ARBITRATION TRIBUNAL AWARD

R.N. 394

H. Balgobin - President
M. Serret - Member
H. Seebaluck - Member

Parties

Air Mauritius Cabin Crew Association

and

Air Mauritius Ltd.

Terms of Reference

"Whether or not the deductions effected by Management of Air Mauritius in meal allowances since September 1993 should be restored or otherwise"

1. This dispute was referred by the parties voluntarily to the Tribunal for settlement under the provision of Section 78 of the Industrial Relations Act, 1973.

2. The issue involved in this claim has been extensively dealt with in a connected dispute R.N. 360 (Mauritius Airline Pilots Association and Air Mauritius Ltd.) The Tribunal effected site visits to London (Copthorne Hotel), Paris (Meridien Montparnasse Hotel), Zurich (Renaissance Hotel), Hong Kong (Riverside Hotel), Singapore (Furama hotel), Perth (Orchard).

3. Air Mauritius Cabin Crew Association (AMCCA) has submitted that an adequate method of calculation was devised in order to obtain an appropriate quantum of Allowance. It is therefore claimed that this is an acquired right and could not be altered unilaterally.
4. Air Mauritius Ltd. (Air Mauritius) has stated that it has the obligation to provide the crew with food of sufficient quantity and appropriate quality. The company has always been prepared to issue vouchers to the crew to enable them to consume food at the hotels at which they layover. Such a system would not have interfered with the rest time of the crew inasmuch as they would have been able to consume food in their own hotel if they so wished. The crews have always, however, opted for a cash payment formula for obvious reasons. Management has agreed to do so because in so far as it was concerned it would have incurred the same expenditure whether it paid directly to the hotels or to the cabin crew. In the process, if the crew made some savings they had the blessings of Management. For the purposes of determining the quantum of meal allowances, a formula agreed upon with AMCCA was adopted. This formula has been strictly adhered to.

5. Air Mauritius claims that a meal Allowance is not a Per Diem Allowance as such. Meal Allowances are meant to cover the cost of meals.

6. The Hotel and Meal Allowance expenditure as at 01 April 1993 was Rs148,000,000 annually. Management submits that in order to keep the current level of hotels' standard, negotiated meal prices with hotels' Management should be included in the package.

7. The amount spent by the Company on Hotel & Allowances at Paris only from 01 April 1992 to 31 March 1993 was Rs40,500,000.

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8. Air Mauritius state that the Meal Allowances paid to the crew are not stagnant. Revision exercises incorporating reviews of changes in the Menu Cards take place in April of each year. Changes in the quantum of Meal Allowances can be upwards or downwards.

9. Air Mauritius has averred that on the basis of negotiated meal pieces, the implementation of the Meal Allowance formula has produced increases in some stations and decreases in others. Examples of increases are Nairobi, South Africa and India. Even in other stations where the discount has been applied with the annual revision of allowance rates there have been increases.
10. Management is prepared to issue food vouchers in lieu of cash payments to enable cabin crew to eat meals in the hotels where they lay over.

11. It is claimed that the Airline Industry has been experiencing financial hardships on account of economic recessions, diminishing yields, rising costs of operations and increasing competition. Many formerly successful airlines have had to close down recently or severely reduce the size of their business.

12. Of the world's 20 largest airlines, 19 made losses last year. Many airlines have had to reduce their workforce.

13. Air Mauritius states that it has not taken any step to reduce its workforce.

14. Air Mauritius is under the same business pressures as the rest of the industry. It yields as well as its profitability has been eroded. There is rising concern over escalating costs of operations at a time when the Company is renewing its fleet, replacing ageing technology with more efficient technology.

15. In 1987, profitability of the Company was 27% of gross annual turnover. This has gone down to 5% currently - a figure below that required to finance aircraft acquisition and to provide better quality service to meet the expectations of passengers but also to ward off the severe competition from airlines such as Singapore Airlines, Air France, British Airways and South African Airways.

16. Over 65% of the costs of operations are beyond any form of control of the company, e.g. FUEL prices, Landing Fees, Air Traffic Control Charges, prices of Aircraft Spare Parts, strength of the Mauritian Rupee and so on.

17. Air Mauritius states that it is essential if the Company is to survive, that all controllable costs are reviewed and monitored closely since if rising costs outstrip falling revenues there is no doubt that any Company will not have a long-term future.

18. There is no need to increase Meal Allowances currently in payment as being claimed by AMCCA since payments of Meal
Allowances are effected within parameters of existing Agreements. Meal Allowances are not meant as additional paypocket money but cover the costs of meals.

19. Air Mauritius would suggest that the personnel entitled to a meal allowance be given two options from which to choose, namely:

(a) the personnel is authorised to consume meals (the quality or quantity to be determined by the Tribunal) at the hotel at which they layover and to sign the food bills. Air Mauritius would then settle accounts with the Hotel; or

(b) a reasonable monetary allowance to represent the cost of meals, sufficient in quantity and appropriate in quality, the quantum of such reasonable allowance to be determined by the Tribunal in respect of each station at which the personnel lay over.

20. The Tribunal finds that as a rule Air Mauritius would have been fully entitled to review the quantum of Meal Allowances in appropriate cases as meal allowances at hotels where the crew resides may at any time increase or decrease and it is open to Air Mauritius to grant allowances more in common with reality.

21. It is for Management, after discussions with the relevant hotels with a view to obtaining rebates, to decide what is an appropriate meal allowance.

22. But in the circumstances of the present case it is clear from the evidence before the Tribunal that the meal allowance was in fact considered by the applicant as part of their remuneration and was originally part and parcel of a package. The then Meal allowances allowed the applicants to make substantial savings and thus increase their pay-packet. This is a situation which the Tribunal cannot approve but also cannot ignore. There may exist a number of implications of a fiscal nature but they are not relevant in the determination of this dispute.

23. It was therefore unfair on the part of Air Mauritius to make unilaterally the reductions referred to earlier. This amounted to changing the rules of the game during the game itself.
24. There is no doubt however that Air Mauritius acted in good faith with the aim of providing adequate meal allowances whilst ensuring its profitability. The end result was however a reduction in Pay-Packet. Air Mauritius obviously failed to realise that while it believed it was acting in the best interests of all, it had altered the composition of the pay-paket to the detriment of the employees concerned.

25. The Tribunal shall now decide on the method of calculation to be used and the time at which it should take effect.

26. The Tribunal awards as follows:
- Air Mauritius shall with effect from the 1st of December 1994 introduce a method of calculation of meal allowances on the basis of the ancient formula favoured by the applicants.

27. This decision of the Tribunal necessarily implies that the quantum of meal allowances is a vital element in the determination of the salary structures of the applicants. This situation may therefore well work against their long-term interests. Clearly this problem must be promptly resolved.

28. The Tribunal recommends that Air Mauritius should consider the possibility of offering to the applicants in the context of any future negotiations the choice of fixed quantum of meal allowances on the basis of the actual cost of a meal at each station where the crew lay-over and determined as suggested by Air Mauritius by the Tribunal. This formula could also aptly be used in relation to new recruits.

29. The Tribunal wishes to thank all the parties and their legal representatives for their close collaboration.

30. The Tribunal wishes to thank, in particular, Mr. A. K. Gujadhur for his wholehearted and very competent collaboration at all times during the examination of this dispute.
31. The Tribunal is in duty bound to draw attention to the inextricable link between our national airline and the tourism industry and to the fact that all industrial disputes at Air Mauritius must necessarily be viewed in the light of this profound economic truth.

H. Balgobin  
President

M. Serret  
Member

H. Seebaluck  
Member

17th November, 1995