

1,500 Back In Plants By Friday

By HAROLD GREER

Between 1,400 and 1,500 employees will be back at work at Avro Aircraft Ltd. and Orenda Engines Ltd., by Friday, according to a seniority survey now completed by the companies.

The number includes the 250-odd office workers—about 100 at Avro and 150 at Orenda—who returned to work earlier this week.

Rehiring has been under way as quickly as seniority rights for the jobs open have been established. Virtually all of the 13,800 workers at the Malton plants were laid off last Friday when the Government cancelled development contracts for the Arrow interceptor.

The rehired employees will work on overhaul and repair contracts for the CF-100 interceptor and the Orenda engine, and on the so-called Flying Saucer project now supported by the U.S. Air Force.

The net unemployment effect of the Arrow cancellation will therefore be about 12,300 workers.

Various reports have circulated that from 2,000 to 2,500 Avro and Orenda workers will be rehired. Prime Minister Diefenbaker has used both figures, which apparently come from labor union estimates.

The total layoffs of last Friday were necessary, it is learned, because of the seniority clauses in the union contract with the companies.

Although Mr. Diefenbaker has condemned the mass layoff as unjustified, no criticism has come from the unions. The labor-management contracts at Malton set out the rights of both parties in the event of cancellation of order by the Government.

Employees have seniority throughout the entire plant, regardless of the particular project they are working on. Thus, workers engaged on the Arrow project were entitled to be transferred to the relatively small volume of non-Arrow work if they had the required seniority.

Because the cancellation orders from Ottawa took effect the moment they were received, it was impossible to determine immediately just what the rights of each of the 13,800 workers were. The job, in fact, has taken several days and nights.

In addition, the companies were reluctant to make the mistake of keeping on this or that man only to find he had to be bumped by a more senior man, thereby leaving him at a time disadvantage in an already-saturated labor market.

Although Mr. Diefenbaker has condemned Avro, the company was simply following procedures set out in the Manual of Procedure on Termination of Contracts issued by the Department of Defense Production.

These require that a contractor do "everything within his power to minimize the amounts payable by the minister of defense production upon and arising out of the termination of a contract".

They further provide that not only will work completed at the time of cancellation be paid for, but that the contractor will be entitled to receive the cost, plus fair and reasonable profit, for uncompleted work.

The cost of uncompleted work is defined as including the con-

tractor's outstanding commitments for materials, parts, and other supplies needed to carry out the cancelled portion of the contract and for which the contractor is called upon to make payment. The same terms apply for sub-contractors. About 60 per cent of the development order for 37 Arrows had been completed at time of cancellation.

Progress payments had been made by Avro to sub-contractors for about half of the uncompleted 40 per cent. There were 650 main suppliers and sub-contractors involved in the project; total capital assets came to at least \$100,000,000.

How much the government will be obliged to pay to cancellation fees will depend in large measure on the future of the plant and production equipment involved.

If most of these assets prove to be a dead loss, the cancellation penalty will be high. On the other hand, the penalty will be reduced if the plants, tools and equipment can be put to further use.

This whole question was discussed with the prime minister in Ottawa yesterday by Crawford Gordon, A. V. Roe president, and other company officials.

An immediate issue is whether the government will pay the severance pay and vacation benefits due the Avro workers who have been let out.

In the case of workers with 10 years seniority, these amount to two weeks pay in absence of notice, accrued vacation credit of two weeks pay, and \$10 a week layoff benefit up to a maximum of 26 weeks in the case of weekly-paid employees.

Those with five years seniority are entitled to two weeks pay, one and half weeks vacation pay, and \$10 a week supplementary benefit in the case of weekly-paid employees.

Those under five years should get one week's severance pay.

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