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PALPA NEWS BULLETIN

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International Federation of Air Line Pilots' Associations & International Transport Workers Federation

DEAR MEMBERS:

السلام و عليكم

The Association hosted a dinner in honour of the MD, PIAC Capt. Aijaz Haroon. The dinner was very well attended and both the serving and retired pilots showed up in large numbers. The Executive Committee had decided to invite the MD in beginning July but due to his hectic and busy schedule, he could only be invited on 27th July 2008.

It was indeed a historic and momentous occasion. The dinner started with the welcome address by the President followed by General Secretary's report and then the address by the MD PIA. A short question/answer session took place which was followed by the dinner.

The MD PIAC was presented a shield as a memento of his visit to the Association by the President and the Executive Committee. We wish him God speed in his endeavours to turn around the Airline.

ADDRESS BY THE PRESIDENT:-

On behalf of the Executive Committee I welcome Capt. Aijaz Haroon the Managing Director PIA to his own Association. I also welcome the distinguished members of the Management and I thank the membership for attending this historic occasion in such big numbers.

The appointment of Capt. Aijaz Haroon as Managing Director PIA came at a time where the airline was on brink of collapse and needed experience of a person from within the airline who knew the problems and a vision to bring the airline out of the red. We thank the present government for choosing Capt. Aijaz Haroon as he has the experience, vision and ability to take bold decisions in order to make this airline best in the world.

As the worthy MD said and I quote "those times have gone where Management use to think that the customer is always right, now is the time that if the employee is satisfied he or she will make sure that the customer is happy and satisfied".

Keeping the same motto, the MD on his first day in the office met representatives of all the Associations/Unions and discussed the problems faced by the discontented employees.

Let me take the opportunity to highlight the steps taken by the MD in this short period of three months for welfare of the employees and the Airline:-

1. Promotion of approximately 4,000 employees, which was over due for the last 8 to 10 years.
2. Flight Engineers were taken back in the airline with full honour and dignity.
3. Improvement in the working conditions of the flight service personal.
4. Transfer of passages to dependent sons up to the age of 27 years.
5. Employees who's contracts were terminated due to the performance rating have been taken back in the Airline.
6. The grounded B-747 have been redeployed and made operational to increase capacity.
7. The frequency of flights on various stations was enhanced.
8. New stations were introduced.
9. Improved medical facilities for the employees.
10. Hiring of all the personnel who were sacked due to political victimization.
11. Casual Leave of 10 days, Sick Leave of 12 days P/L of 30/35 days restored.
12. 95% rebated tickets to the retired pilots.

In my humble opinion it's not farfetched to say that the MD taking steps to earn the reputation of "a peoples man who steered the Airline in green with support of employees".

In the six months tenure of the present Executive Committee there were frequent changes in the higher and middle Management, and due to changes in their policies it was very difficult for us to resolve our long awaited outstanding issues.

Once again, I welcome Capt. Aijaz Haroon and the distinguished guests. We extend our whole hearted support to the present management.

Capt. Aijaz you keep on taking the bold decisions for betterment of the Airline and rest assured that PALPA is watching your back with all its ears and eyes open.

ADDRESS BY THE GENERAL SECRETARY:-

Honourable Chief Guest Capt. Aijaz Haroon, respected seniors, and fellow colleagues.

Assalam-o-Alaikum

This is indeed a momentous and a proud moment for the Association and all its membership. Capt. Aijaz Haroon is an esteemed member of our Association and his appointment as the Managing Director PIA is not only his great personal achievement but it makes all of us proud. Taking up the challenge to bail the Airline out of its serious financial crunch needs strength and guts. In helping the Airline to manoeuvre out of the current dismal state, the Association assures him of its unstinting and whole hearted support.

Sir, we are there to back you as no employee let alone a pilot of this organization would want to have a stigma attached of working in bankrupt and a barely afloat Airline. Together all of us have the capability to give this Airline its once envied clout and status in the Aviation Industry.

As mentioned by the President, we fully appreciate the changes incorporated by the MD in the top Management and the steps taken to correct the anomalies which were according to the aspirations of the employees. Appreciating the just demands of the employees is indeed a huge morale booster.

Here I would like to appreciate the spontaneous and quick response which the DFO and the Managing Director took to facilitate the travel and arrange the finances for liver transplant of Capt. M. A. Amin in Beijing. By the grace of Allah he has gone through the procedure and recovering at a satisfactory pace.

It is difficult to fathom as to what has gone so terribly wrong that the Airline is in such a precarious economic state. Here I would restrict myself to the Pilots only, a single but vital category of HR in PIA.

There is no denying that the pilots have done an admirably good job in ensuring the PIA operational schedule run smoothly. The conscious effort by the pilots to adopt shorter routes and measures to save fuel is there for everyone to examine. As pilots there cannot be a better way to cut fuel costs for the Airline, which we all realize has reached astronomical proportions. This rise in fuel prices has severely affected the entire Aviation Industry and PIA is not an exception.

We are open to any suggestion by which the Airline can further save fuel as long as the measures adopted fall within the ambit of Flight Safety.

The other factor which can help off set the fuel price hike and needs a serious home work is the seat factor. The aeroplane flying from point A to B will consume fuel but how many passengers are travelling in that aeroplane is what would save the Airline from nose diving further. PIA is in a way lucky that most of the Pakistanis abroad prefer to travel PIA but the Airlines effort should be to woo those passengers who have switched to other regional Airlines. Besides this the off-season travel needs a strategic thinking on the part of senior PIA Management.

It would not be in the fitness of things to being out issues confronting the pilot community in this welcome dinner for the MD, but 3 issues which are creating unnecessary anxiety amongst the community need a brief mention.

1. Since January 2003, the pension issue stays frozen and in spite of numerous meetings with all successive Managements at all levels, the issue remains unresolved. The Pilots pension formula was devised earlier while the restructuring was carried out later. The reason that it will be resolved along with other employees does not hold ground for two reasons. One that PALPA has a trust deed signed with the Management which is legally and morally binding on both the parties and number two our salary structure being typical does not fall in any PIA group, but is categorized as SPECIAL. The affectees now number 66 retirees on superannuation, 15 medically grounded or deceased pilots and up to 25 pilots who have joined other airlines. In the

coming years the average retirement of pilots would be around 15 to 18 pilots per year.

Sir, you are requested to personally intervene and kindly get this discrimination removed. Additionally, the clause restricting widows of deceased pilots to receive pension after 10 years should be removed as it is typical of PIA and not prevalent in any other Government/Semi Government organization. The suspension of pension leaves the widow in an extremely precarious financial situation. Like other organizations the widow should be entitled for pension till she is alive.

2. The second issue and a source of great resentment amongst the pilots is the NS-I Travel. The Association has pursued this case for many years without achieving a viable solution.

The Managements' have developed procedures and methodology of confirmation of seats in the Club Class but because of lack of serious commitment in resolving this issue, the predicament remains as it is. The incumbent Executive Committee has made numerous trips to the CRC and IT departments and has had meetings with the Senior Managers of the concerned departments. The DFO had also accompanied us once and tried to find a way out but in spite of all these efforts to formulate a mechanism for confirmation of seats on NS-I travel, the issue remains unresolved. In the month of July only there were more than twenty cases of various kinds. These could be categorized as non-confirmation of seats while these were available in the Club Class, down-grading of already confirmed seats, off loading crew and their families by giving flimsy reasons, calling up the residences to inform that they need not come to the Airport, albeit their confirmed reservations. These instances enraged the crews and the behaviour of the Traffic Staff at check in counters clearly showed unwritten instructions of the higher ups in the concerned departments to the staff handling passengers.

The Association and its office bearers have tried their best to facilitate the members and at times pacified and refrained them from creating an ugly scene or any untoward incident. This may not be possible all the time. Sir, we have done our utmost and you are fully aware of it. We seek your personal intervention in resolving this issue once and for all. This a privilege associated with the job and should be treated as such. Our records show that not more than 30% pilots avail this facility annually, as such it is not asking for too much.

3. The third issue that needs to be looked into is the utilization of retired pilots on contract. The Association is of the firm view that the retired pilots are treated with discrimination and the emoluments given to them need to be rationalized, keeping their experience in mind. The Association had suggested the last drawn salary with the same perks and privileges but the response on the subject from the Flight Operations was far from satisfactory. Sir, your plan to expand and enhance the operations shall be realized better by utilization of this experienced human resource available to the Airline. A realistic and open minded approach will benefit the Airline appreciably in the short and long term.

Before I conclude, I would like to highlight that the membership and the Executive Committee are looking up to the Management for a mutually agreed fixed based salary package.

This arrangement will be beneficial to the crew and would be in line with the industry practice. There are numerous benefits of this but in our opinion the one that tops is the motivation for the pilots to take annual leave and join back rejuvenated. This shall enhance the flight safety and the pilots would be mentally and physically well rested to take on their duties with exuberance. It is also pertinent to point out here that the salaries have reduced considerably with the erosion of the value of dollar from Rs. 60 to 70 in a span of only three months. In other words, the pilots in various categories and seniority levels have suffered a net loss ranging 400 to 1000 Dollars in this period.

In these values the steep rise in inflation is not included. The Government and the State Bank figures are around 18-20% whereas in practicality it is over 25%. This is a huge drain on the buying power which needs an immediate attention.

Furthermore, the salary and allowances of the cockpit crew were slashed by up to 35% in 2001 and the then Management had stated that this shall be revived after a period of three years, which has yet to be restored.

In the end, on behalf of the Association and the membership, I assure you that all of us fully stand by you and would support you in your endeavours to improve every aspect of the Airline, making PIA an economically viable entity and motivating all cadres of employees to deliver their utmost.

The Association has a mandate from the membership to look after its interests as such the issues taken up by the Executive Committee from time to time should be taken in that spirit and not as an arm twisting method.

We hope and pray that the Airline under your able guidance with our unstinting support will sail through the troubled times and regain its lost glory, INSHALLAH.

THE BIO-DATA OF THE MANAGING DIRECTOR PIAC:-

Capt. Mohammad Aijaz Haroon assumed charge as the Managing Director of Pakistan International Airlines on 07 May 2008. He is an airline veteran with over thirty years of aviation experience. He completed his 'O' Levels from Karachi Grammar School in the year 1972 and was awarded the Brentons Medal for Mathematics. His passion for flying made him quit his Mechanical Engineering Degree from the Tri State College in Angola, Indiana. In 1975, he obtained FAA Commercial Pilots License and joined PIA in February 1977 as a Cadet Pilot on Fokker F-27 aircraft. He has served the national airline as Chief Pilot F-27 and has aggregated over 16,000 flying hours on different aircraft and, is currently flying in command of the latest Boeing 777 aircraft. Capt. Aijaz holds ICAO Airline Transport Pilots License with Simulator/Flight Instructor Rating on all the aircraft in PIA fleet. Presently, he also possesses a Simulator Instructor and a DCP "A" Check Captain endorsement for Boeing 777 airplanes. During his career with the national carrier, he has held senior Management positions of General Manager Central Control, General Manager Airport Services and Director Airport Services.

EXCERPTS FROM THE ADDRESS BY THE MANAGING DIRECTOR PIAC:-

The MD PIA addressed the gathering and briefed/highlighted the issues which the Airline is confronted with. He was thankful to the President PALPA and the Executive Committee for arranging this dinner in his honour. In the lighter vein, he said he always thought that he would address this august gathering as the President of PALPA and not as a MD of PIA. But, he said, that he was proud to be a PALPA member and he was here amongst all his colleagues in that capacity.

The MD said that having tried all types of people to head the Airline earlier, the Government decided that this time it should be a PIA employee preferably a pilot, who should steer the Airline to profitability and stability. He hoped that with the support of the Association, the Airline will sail through this bad patch and recover financially.

Following are the main points that he mentioned in his address.

1. The MD briefly went over the history of PALPA and said that safety has always been paramount to the Association and the Airline. Everything else comes under its ambit like the working conditions, pay packages, training etc.
2. When he took over the Airline, total losses of the Airline were Rs. 42 billion, whereas, the current loss is up to Rs. 45 billion. This additional loss is due to the administrative changes incorporated and the increments given to different cadres of

employees. The Airline was paying Rs. 6.5 million in the salary head per month, while the recent changes have increased this bill by another Rs. 8,500,000/-. Though this increase was difficult under the circumstances, but it was necessary to undo the wrong and encourage the employees to do well. This raised of moral of the employees and the Airline gained immeasurably.

3. In reply to the General Secretary's report he said that the NS-1 seats issue has disturbed the pilots over a considerable period of time. He said he had suggested to the Executive Committee that the pilot while travelling on P/L along with his family shall be given blocked seats in economy class, and upgraded to club class 36 hrs prior to departure.

The Executive Committee had not agreed to this suggestion because the seats being provided were in the economy class and there was no commitment of providing blocked seats when the pilot is not himself/herself travelling with the family.

4. On the issue of fixed based salary package the MD said that he was ready to give the Emirates Package, tailored to PIA's format, to the pilots but then it has to be accepted in totality. He said that the Executive Committee wants to have the package but is not willing to accept the Emirates working conditions along with it.

The Executive Committee was not made to understand this issue as such by the MD in its meetings with him and his team but appreciates that the Management is serious in considering paying the Emirates package in Toto. The Executive Committee in its last meeting has decided to agree to the MD's proposal and teams from the Management and the Association have been formed to carry out the spade work to do the needful.

5. On the issue of contract pilots he said that the permanent and contractual employees cannot be equated. All retired pilots have been given the employment on contract and they have willingly accepted it.

The retired pilots had approached the Association time and again to request the Management to improve the contract and that the same should be dealt with through the Association. However, the Association's endeavours and attempts could not materialize because the individuals never brought PALPA Executive Committee in the loop while accepting/signing contracts with the Management

6. The MD said that the issue of widow's pension is not specific to the pilots only but is affecting all employees of PIA. He said that he has already approached the Government to rectify the anomaly of cessation of pension after 10 years, which he hoped would be resolved soon.
7. On the issue of seat factor, he said that there has been an increase in it from 71 to 79.7% inspite of the raised fares necessitated by fuel price hike.
8. The MD briefly went over the financial position of the Airline. He said Rs. 08 billion have been paid by the Airline in debt servicing in last three years. To pay back these loans the Airline had to take further short terms loans at high interest rates which further increased the burden on the Airline. He said that an increase of Re. 1 in the dollar exchange rate puts a burden of Rs. 1.45 billion on the Airline. The additional loss of Rs. 16 billion has occurred in the last three months only. He said that his priority is to pay back the loan money to the banks to avoid PIA being labelled as a defaulter. He also said that an increase of 1\$ in the fuel rate puts an additional burden of Rs. 40 crores on the Airline, and the fuel price hike is there for everyone to see. With this additional burden, the current total fuel price impact on the Airline is 48%. With this commodity being so expensive, the MD requested the pilots to do their utmost to save every drop of fuel. He also

suggested that we should start the APUs just before entering the parking bays. The Airline is also seriously considering reducing the overall weight of the aeroplanes to cut down on fuel cost. He requested the pilots to adopt all such means which can save fuel, like direct routes, decelerated approaches etc.

9. Fuel saving alone would not accrue benefit for the Airline, but PIA will have to replace its A-310 and B-737 aircrafts for the reason of fuel and maintenance efficiency. The initial cost of buying shall be offset by reduced fuel consumption and lesser maintenance costs when such aeroplanes were bought. He also told the gathering that the Management has worked out a long term strategy to save fuel and thereby the operating cost of the Airline.
10. The MD PIA said that a business plan for the Airline is being prepared and it shall be discussed with the Association before its finalization and implementation.

The MD PIA requested the Association and its members to show patience and have faith and trust in him. He said that he was one of us and he shall sort out all the problems/issues which the pilot community is facing currently. He said that he needs more time to reach a break even point and after that all employees including the pilots shall be rewarded. He said that his priorities are only to bring the Airline out of its dismal financial state and once it is done, the Government shall be willing to give more funds to stabilize and promote the Airline. He hoped that with the help of the pilots and the Association's support he will be able to take the Airline to newer heights.

THE LETTER BY THE MANAGING DIRECTOR PIA TO THE PRESIDENT PALPA:-

Dear Capt. Imran,

Thank you for the courtesies extended to my wife and myself at the dinner hosted for me at PALPA Club House on Sunday, July 27, 2008. The sumptuous cuisine, pleasant interaction and informal dialogue left such a warm glow in me that I was not only able to forget the strenuous week of work that had passed, but was fortified afresh against the week ahead. I am indeed grateful.

I was very appreciative for the gracious words said on the occasion and look forward to having your continued support for the betterment of the working conditions and welfare of the Pilots. In fact, it is my endeavour to put in every effort for better working conditions for all the employees of our airline.

In your welcome address a mention was made of the achievements which I have undertaken during my short tenure as the head of your national carrier. For the near future, extensive web ticketing on domestic as well as international stations, kiosk self ticketing at major out lets, strengthening our revenue fleet expansion plan and a renewed business plan, are some of the objectives which are being undertaken for the betterment of the Airline.

It would be benefiting if the above are highlighted in the "FLASH" which PALPA takes out from time to time, so as to let the community of Pilots know the accomplishments undertaken for the betterment of its work force.

I need your help and support to further strengthen my cause which will be for the benefit of all of us.

Best regards,
Yours sincerely,

S/d.
Capt. Mohammad Aijaz Haroon

LONG LIVE THE UNITY OF PILOTS.

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RETIREES:-

In the year 2008 from 16th June to 15th August, following of our senior pilots have retired from the service of the Corporation after having served the Airline for many years with dedication and dignity.

PILOTS RETIRED ON SUPERANNUATION:

1. Capt. S.M. Ather P-29212 (5th July 08)
2. Capt. Ghazi P-25525 (15th August 08)
3. Capt. Munawwar Javed P-31118 (22nd May 05)

(It is regretted that Capt Munawwar's name was missed out and not mentioned in the Cockpit on his retirement. He is the recipient of Sitara-e-Shujaat and an esteemed PALPA member. The lapse is sincerely regretted).



QUOTES:-

- Any fool can count the seeds in an apple. Only God can count all the apples in one seed. (Robert H. Schuller).
- The right to do something does not mean that doing it is right. (William Safire).
- Luck is not chance, it's toil. Fortune's expensive smile is earned. (Emily Dickinson).
- The test of courage comes when we are in the minority. The test of tolerance comes when we are in the majority. (Ralph W.).

OBITUARIES:

Following of our senior colleague has lost his life :

1. Capt. (R) Roanaq Ali

إِنَّا لِلَّهِ وَإِنَّا إِلَيْهِ رَاجِعُونَ

Following of our colleagues have lost their dear ones as mentioned against their names:

- | | |
|-----------------------------|---------------|
| 1. Capt. (R) Ibrar Ahmed | Brother |
| 2. Capt. Tariq Awan | Mother |
| 3. Capt. Latif Farooqi | Mother |
| 4. Capt. (R) Sarwat | Mother-in-Law |
| 5. Capt. (R) Abdul Ghaffar | Wife |
| 6. Capt. Zafar | Mother |
| 7. Capt. Jehangir | Mother |
| 8. Capt. (R) Saleem-ul-Haq | Wife |
| 9. F/O Fahim-ul-Haq | Mother |
| 10. Capt. Aijaz Ali | Brother |
| 11. Capt. Farrukh Cheema | Father |
| 12. Capt. (R) Wajahat Irfan | Mother |

May Allah in his infinite mercy grant our colleagues and their families' strength, courage and patience to bear this irreparable loss. We pray for the departed souls an elevated place in their heavenly abode. (Ameen!)



F/O ARIF MAJEED
General Secretary