



PAKISTAN AIRLINE PILOTS' ASSOCIATION

AFFILIATED WITH :
INTERNATIONAL FEDERATION OF AIR LINE PILOTS' ASSOCIATIONS &
INTERNATIONAL TRANSPORT WORKERS FEDERATION.

FLASH

Dear Members:-

November 14, 2011.

السلام عليكم

The Executive Committee feels privileged to update the membership on the latest happenings.

1. **MIS-MANAGEMENT AND MAL-ADMINISTRATION IN PIAC.**

The airline is suffering from gross Mis-Management and Mal-Administration. Time and again, we have been pointing out various remedial measures so as to curb anomalies, wasteful expenditures and pilferages. We have given a full PowerPoint presentation to the Managing Director and his team on cost cutting measures. However, we are totally disappointed by the working and efficiency of the incumbent management. On the contrary, highly uncalled for actions have been taken and the airline has been put on the path which leads to disaster. Some of them are highlighted below:-

- **Two (02) B-747's on wet-lease by declaring urgency to perform Hajj:-**

Despite of having regular/contract flight crew complement of B-747, fully trained cabin crew and ground engineers for Hajj operations. The incumbent management decided to obtain two B-747s on wet-lease, spending approx US\$ 10/- millions.

Our pilots during Pre-Hajj flew 35 to 40 hours in a month this year whereas in the last Pre-Hajj B-747 crew flew more than 90 hours in a month. The Pre-Hajj flights disruption this year was mainly due to the poor maintenance state of wet-lease aircrafts.

Six (06) B-747s engines are lying in Jordan for repair since last 08 months. The management should have anticipated the Hajj operations and expedited repairs but the same was not done for obvious reasons.

We have written a detailed letter to the management on 4th November 2011 whereby we have highlighted the facts that Rs. 61 Crores could have been saved if the matter was dealt with professionally and timely. The issue of PIA employees being restricted by the management of not coming on media has also been addressed in the said letter.

We have now come to know that the same two B-747-200 aircrafts serial No. 23501 & 23502 which are presently on wet-lease with PIA were available for sale in the market for US\$ 14 Million and the amount was reduced after negotiations to US\$ 11 Millions in 2010. We therefore fail to understand as to why and under what circumstances an amount of US\$ 10 Million Approx has been paid for wet-lease aircrafts for less than two months whereas, the said aircrafts could have been purchased by the airline for almost the same amount.

The copy of the letter is attached for your kind perusal.

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- **Intention of management to acquire Two (02) A-320s on wet-lease for three (03) months.**

In total disregard to the letter sent to the management by us on 4th November 2011 (referred above) the management has again started preparations for acquiring Two (02) A-320s on wet-lease for Three (03) months and have further intentions of acquiring more aircrafts on wet-lease.

The management has been told in clear terms that such moves are not in the interest of the airline and they should desist from counter productive measures. The logic behind not using PIA's own aircraft and crew and paying millions of dollars to other airlines is shrouded in mysteries.

There have been instances when aircrafts obtained on wet-lease were preferred for flights even though PIA fleet and Crew were available. There have also been instances when PIAC had to install its engines and/or landing gear in the aircraft obtained on wet-lease.

We have made it clear to the management that the wet-lease is against the interest of the airline and its employees and they should desist from such actions and rather get their own aircrafts operational. Five B-737's are in the hangers for want of spares which can be arranged in the matter of hours. The amount being so spent on wet-lease is highly uncalled for and a fraction of such amount on our own aircrafts would make them operational and functional.

- **Agreement of Transworld Aviation:-**

The agreement signed by PIAC with Transworld Aviation has been widely condemned. It has been made to believe that the advantage of the agreement is that aircraft parts would be supplied on credit. In contrast to this the management has opened an LC of US\$ 2.5/- million.

This sort of agreement is highly uncalled for and tends to restrict and reduce competition in the relevant market. A separate complaint to the Competition Commission of Pakistan, established under the Competition Ordinance 2007 is being submitted for declaring the above agreement as void.

We are fortified in our stand by the fact that about 10 aircrafts has been grounded for want of spare parts thus the airline is suffering losses in millions and the only solution found out by the management is to depend upon aircrafts obtained on highly expensive wet-lease. PALPA negate such attitude of the management which lacks directions and we categorically declare obtaining of aircrafts on wet-lease against the interest of the airline and its employees.

- **Sacked Employees Re-instatement Act (SERA):-**

SERA was introduced by the Government to provide relief to people whose services were terminated during a specific period as and by way of political victimization. However, the management has abused the law and have given undue benefits to employees serving in the organization by wrongly interpreting SERA. The benefits have been given to selected 400 persons approx and amount yet spent is about Rs. 200/- million. The way the amount has been taken out from the cash strapped airline amounts to criminal negligence and misappropriation. In the given circumstances such extravagance can only lead to the inference that the present management is out to destroy the airline and if such acts continue then very soon PIAC would also meet the fate of Pakistan Railways.

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We have strongly taken up the issue with the management and have pointed out to the MD PIAC that it is a fit case to be referred to the National Accountability Bureau (NAB). We have been asked to assist the management by providing them legal services so as to scrutinize the cases wherein the amounts have been released illegally.

This is ironical that firstly amounts are released and then management realizes that the cases are to be scrutinized. However in the interest of the airline we have asked our legal advisor to provide necessary legal assistance to the management for the purpose stated above.

- **Strategic Business Units (SBUs):-**

The management has come up with the proposal that the non-core activity should be separated from core activity and for that they have planned to convert the non-core activities into SBU's, e.g. Flight Kitchen, Ground Handling, PTC, Security, Speedex etc.

We have told the management that transparency is not been maintained and no decision should be taken in such an abrupt manner. We have opposed the idea and have recommended thread bare discussion with all the stake holders before taking any action in the matter. It is worth mentioning here that the people are working in Speedex on contract basis/daily wages for about 10 years and have not been confirmed. It is matter of concern as to what would be the fate of the employees of the above stated SBU's and the consequences the airline would face.

- **Haji postings of more than 650 employees:-**

The management has posted about 650 personnel which included contract and permanent employees of PIAC to JED for managing Hajj flights. The handling at JED has been pathetic and probably too many cooks have spoiled the broth.

It is pertinent to mention here that the contract of ground handling at JED is with NHS (Ground Handling agents at JED). It is mind boggling that why such a huge number of personnel were detailed at JED thus causing great financial burden on the cash strapped airline.

It appears that the favour to post personnel at JED in huge numbers is a result of external pressure to which the management has succumbed.

- **Increase in fare on domestic sectors resulting in poor load:-**

The management has increased the fares on domestic sectors thus making the sectors unfeasible for passengers. World over the airlines have adopted the revenue management system whereby seats booked in advance are cheaper than the ones booked at the nick of the time. However, the management is not prepared to come out of the stone age practices and are continuing with the fix slab system. The increasing of fares is highly unproductive and would add to the miseries of the airline.

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- **Awarding of PIAC sectors to Middle Eastern Airlines by the Government:-**

The PIAC management has kept mum and acted as silent spectators. The Govt. has awarded 31 flights from different stations of Pakistan specially up north to Middle Eastern Airlines. Resultantly, PIAC is bound to loose passenger load and spoil its cliental.

We are sure that the management is hand in glove in such actions and despite being the aviation experts are not briefing the Govt. properly. There is writing on the wall that PIAC would be declared a liability and sold off for peanuts.

We had extended unconditional cooperation to the incumbent management with the hope that the airline would be steered out of the crisis situation but the present management has put the situation into nose dive and thus have disappointed everybody. However, we request the membership to remain stead fast and we at PALPA would do anything and everything possible to stop such nefarious designs as the airline is bread and butter of the community and their families so also of 22,000 employees of PIAC. We would keep on informing the membership of the event as they unfold and welcome any suggestions and comments.

2. **RUMOURS BEING SPREAD BY DISGRUNTLED ELEMENTS:-**

Few disgruntled members are trying to create divide and spoil the harmony/unity amongst the membership. We have always worked for the best interest of the Association and the membership. There have been times when we had to take some bitter decisions thereby annoying few members but let us assure you that for us the maintaining of discipline as well as up holding PALPA rules and byelaws has always been top priority. We request the membership to remain united and ignore the rumours being spread against the Association by disgruntled elements. The PALPA Elections for the year 2012-2014 are up-coming and we advice such elements to refrain from using dirty election tactics.

We would like to take this opportunity to clarify certain misgivings being spread against the Association and its Principal Office Bearers.

- **Downgrading of hotels and issues relating to excess duty/denied rest/ denied days off etc.**

Capt. T. Muzaffar is working in the management as General Manager Central Control & Coordination. He has been assigned the job of re-evaluation of hotel contracts and to make necessary recommendations relating to excess duty/denied rest/denied days off etc.

Capt. T. Muzaffar, being a senior captain and member of PALPA was given due respect when he visited PALPA. We thought that he would never compromise the interest of the community. However, Capt. T. Muzaffar while negotiating hotel deals has compromised on standards and thereafter falsely claimed and spread rumours that PALPA was on board with him.

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Capt. T. Muzaffar has also been dealing with the issues of excess duty/denied rest/denied days off etc. in a highly biased and prejudicial manner apparently to prolong his stay in the management.

We have already expressed our displeasure to Capt. T. Muzaffar vide our letter dated 12th November 2011.

The disgruntled elements have tailor made stories against PALPA of giving free hand to Capt. T. Muzaffar and the letter herein above speaks for itself. They have even gone to the extent of falsely blaming their brother members Capt. Uzair Khan and F/O Chakar Ali Shah of personal benefits in London hotel deal. We have inquired about the allegations and have come to know that the two member committee comprising of Capt. Uzair Khan and F/O Chakar Ali Shah had proceeded to London in June 2011 and rejected the hotels being recommended as they were sub-standard. In such circumstances, the allegations are false. Thereafter, Capt. T. Muzaffar has negotiated another deal of hotel in London and as per our discussion with the B-777 crew the hotel so chosen is not feasible. The President PALPA is personally proceeding to London very soon in coordination with the Director Flight Operations so as to sort out the issue as the contract with Marriot Maida Vale is expiring in December 2011. We would endeavour to extend the contract with Marriot Maida Vale as the hotel is acceptable to B-777 crew.

- **Working Agreement 2011-2013:-**

Rumours are being spread that PALPA has done nothing about getting the PALPA-PIAC Working Agreement 2011-2013 signed. We are delighted to inform the membership that not only the Working Agreement was re-evaluated/re-assessed but has also been finalized with the management. There is only reservation of the management relating to Article-II (finance) since there is acute shortage of funds. Keeping into consideration the financial constraints of the airline, we have requested the management to sign the Agreement and defer the effectivity of Article-II to a later date. We are confident that by the grace of Almighty Allah the Working Agreement 2011-2013 would be signed within this month.

- **Voluntary and optional EFU insurance scheme:-**

Looking at the difficulties faced by the community on being grounded for longer duration as well as other eventualities, we had facilitated the floating of EFU insurance scheme. We have been appreciated and encouraged by the majority of the membership and are thankful for their support and acknowledgement.

However, few of our friends started spreading rumours against the insurance scheme and even had the audacity of accusing the PALPA office bearers of taking personal benefits. One would wonder that why a reputable company like EFU would extend any benefits on a scheme which is entirely voluntary and optional. The allegations are merely a farce/ridiculous and dirty election tactics so as to discredit opponents.

The insurance scheme has gained so much popularity that many other organizations have approached EFU for extending the same scheme to them. Recently NAS airline of Saudi Arabia has also availed the above stated scheme for all their pilots from EFU.

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- **PALPA Dues against members:-**

There has been outstanding issue of payment of PALPA dues by two members who have remained PALPA Office Bearers. In the past, they had occupied PALPA Club House Rooms for their stay in Karachi and refused to make the required payments.

Apart from this, one of such member had received Rs. 550,000/- from PALPA on the pretext that he had to pay fees of lawyers for litigation he had initiated in Punjab challenging the imposition of ESMA by the Government and had exhausted all his funds, therefore he needed further assistance. Inquiries revealed that no concrete steps have ever been taken and one case filed by him was returned by the Court at the initial stage being filed by retired pilot who had no legal standing. On being asked, the said member returned an amount of Rs. 260,000/- but failed to give the account of Rs. 290,000/-

We are under immense pressure from members to recover PALPA dues and have accordingly asked the above said to clear the PALPA dues in respect of the rooms and further asked one of them to give details and the manner in which he spent Rs. 290,000/- as well as to explain as to under what authority he retained PALPA funds with him for such a long period of time.

These members have been told in categorical terms that the matter is of serious nature and entails action as per PALPA Constitution but however; they are delay dallying the matter. Let us assure you that action required by PALPA Constitution would be taken against anybody who violates the same no matter how influential he/they are.

- **PALPA Dues against one Mr. Tariq.:-**

False rumours are being circulated that police had raided PALPA Club House so as to defame PALPA Executive Committee with obvious reason of gaining political mileage in the forthcoming elections. The background is that one Mr. Tariq was introduced by one of our respectable senior member a year back with request to accommodate him in one of the rooms of PALPA Club House. The request was acceded to and necessary payments were made by the member. Again said Mr. Tariq after a while came to stay at PALPA. The staff contacted our member but he was probably on a flight and his mobile was switched off. In good faith, the said Mr. Tariq was accommodated and he stayed in one of the rooms of PALPA Club House. When asked to make payments, he would pay some nominal amount and gained further time. The matter was reported to the member who initially introduced him and he tried to resolve the matter but thereafter expressed his inability. The PALPA management decided to take the matter seriously and asked Mr. Tariq to clear his dues and vacate the room. Thereafter, Mr. Tariq disappeared leaving behind his personnel belongings. We consulted our legal advisor who advised that the room should be opened in the presence of police. In such an eventuality the area SHO was called who contacted Mr. Tariq who in response sent one of his friends to PALPA. The room was opened in presence of Mr. Tariq's friend, PALPA staff and area police. Belongings of Mr. Tariq was handed over and the room was got vacated. We have already decided to initiate proper legal proceedings against Mr. Tariq for recovery of PALPA dues. Additionally, we have made necessary changes in the room accommodation form and the Club House Rules are being modified. Nevertheless, the issue of Mr. Tariq cannot be used as an excuse by any member for not paying his dues.

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CONCLUSION:-

We have made an effort to apprise the membership through this communiqué of the grave prevailing situation of our airline and we have also tried to clarify the position of the Executive Committee. We have arranged a Special General Body Meeting to be held on Thursday the 17th November 2011 at 1700 hours at PALPA Office and request the membership to kindly attend. On 18th November 2011 we have arranged for a peaceful protest along with all other Unions/Associations of PIAC inside the premises of PIA Head Office, whereby we will again highlight the above issues so as to arrest the deteriorating condition in the airline. Your participation would be appreciated.

In the end, the membership is assured that we would do everything possible to come up to your expectations and serve you to the best of our ability.

LONG LIVE THE UNITY OF PILOTS.

Thanking you,

Yours sincerely,



Capt. Suhail Baluch
PRESIDENT



PAKISTAN AIRLINE PILOTS' ASSOCIATION

AFFILIATED WITH :
INTERNATIONAL FEDERATION OF AIR LINE PILOTS' ASSOCIATIONS &
INTERNATIONAL TRANSPORT WORKERS FEDERATION.

Ref: PALPA/G/06/620

November 04, 2011.

Mr. Rashid Ahmed,
General Manager,
Industrial Relations,
Industrial Relation Division,
Pakistan International Airline Corporation,
KARACHI AIRPORT.

Re: INTERACTION WITH MEDIA/ISSUANCE OF PRESS RELEASE/POLITICAL STATEMENT BY EMPLOYEES

Dear Sir,

I, President of PALPA, am writing in regards to the circular No. GM (IR)/CBA/11, dated 28.10.2011, referring to circular no 23/2010 dated 14.07.2010. And 26/2011 dated 10.08.2011. This notice refers to the Regulation No. 63 of PIAC Employees (Service & Discipline) Regulations 1985 (hereinafter called the "SDR"). With regards to Regulation 63, I would like to clarify the following:

1. All our members, including the office bearers are employees of PIAC. According to the policy of our association, we not only protect the interest of our members but also the interest of PIAC. Hence any comment/s made by the President, any office bearer or any member, in press/media, is in pursuance of our association's policy of safeguarding the interest and ensuring betterment of PIAC. I was asked in a particular show regarding the wet-lease of the two B-747 aircrafts to cater for the Hajj traffic and I candidly explained that a more economical approach could have been taken by the management of PIAC. This opinion was for the betterment of PIAC's financial position and not to degrade PIAC. The table below exhibits the economical suggestion in comparison to the actual scenario, which clearly exhibits that PIAC, would have saved a lot of embarrassment and money if my suggestions were adopted.

02 (TWO) B-747'S ON WET LEASE FROM HELLENIC IMPERIAL AIRWAYS		
S. No.	Details	US\$ Million
01	SX-TIE 400 hours guaranteed @ US\$ 6,500/-	2.6/-
02	SX-TIC 600 hours guaranteed Cockpit @ US\$ 7,500/-.	4.5/-
03	Crew / Ground Engineers + Cabin Crew Coordinator/Others	0.645/-
04	130 Rooms for Greek crew in Ramada/Marriot Hotel @ US\$ 90/- per day for 60 days (Approx).	0.7/-
Total		8.445/-

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AVERAGE REPAIR COST OF AIRCRAFT ENGINES BASED ON ACTUAL AMOUNT INCURRED DURING THE PERIOD MENTIONED BELOW:-		
Period	Number of Engines	Average US\$ per Engine
April 2010 – April 2011	20	US\$ 234,000/-
May 2011 – September 2011	09	US\$ 402,000/-

It is therefore evident that average repair cost per Engine is approximately US\$ 250,000/-. Keeping in view the above referred figures it can be easily calculated that total repair cost of 06, RB-211 Rolls – Royce engines would be:-

NUMBER OF ENGINES	AVERAGE REPAIR COST @ US\$ 0.25/- MILLION
06	1.5/-

TOTAL COST OF TWO B-747S ON WET-LEASE (MILLIONS US\$)	TOTAL COST OF REPAIR OF 06 ENGINES (MILLIONS US\$)	TOTAL (MILLIONS US\$)
8.445/-	1.5/-	6.945/-

As per the above charts which are based on true facts and figures, we could have saved **US\$ 6.945/- Million (Rs. 61 Crores)** on Account of Two aircrafts obtained on wet-lease for hardly two months if the Hajj was planned professionally well in time. This is ironical and it would have been far better that amount of US\$ 1.5/- million was spent timely on our own engines rather than wasteful expenditure on aircrafts obtained on such a short term lease. It is apparent on the face of record that the above stated decision is not at all in the interest of the airline and has been taken in haste with some hidden motives.

Due to the very reason of obtaining two aircrafts on wet-lease, our own Crew, regular and contract both, flying B-747's are under utilized during the peak time of Hajj and PIA is paying them guaranteed flying allowance.

It is my duty as the President of PALPA to point out actions of the management which are detrimental to PIAC and for our members. I earnestly feel that the recommendations of PALPA are not being given due weight and consideration. Hence my actions amply demonstrate that I have fulfilled my duty toward my airline and my community.

2. PIAC Employees (Service & Discipline) Regulations are not statutory regulations and were drafted during a martial law regime, when all fundamental rights were in abeyance. Today we have a democratic government and we as citizens of Pakistan have guaranteed fundamental rights enshrined in the Constitution of Pakistan. It is pertinent to point out Articles 19 and 19A of the Constitution of Pakistan 1973, which are reproduced herein below:

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“19. Freedom of speech, etc. – Every citizen shall have the right to freedom of speech and expression, and there shall be freedom of the press, subject to any reasonable restrictions imposed by law in the interest of the glory of Islam or the integrity, security or defence of Pakistan or any part thereof, friendly relations with foreign States, public order, decency or morality, or in relation to contempt of court, [commission of] or incitement to an offence.

19A. Right to information.– Every citizen shall have the right to have access to information in all matters of public importance subject to regulation and reasonable restrictions imposed by law.”

3. Accordingly, Article 19 gives me and all employees of PIAC a fundamental right to express their views as there is no “law” which is restricting us from expressing our views in Public. The SDR are not statutory rules and therefore, take the form of terms of a contract rather than law. Hence if the Constitution allows the fundamental right of freedom of speech then neither contractual terms nor any non statutory regulations can deprive a citizen of this fundamental right. Thereby, it is unconstitutional of PIAC management to send the abovementioned circulars in order to restrict the freedom of speech of any employee of PIAC through Regulation 63.
4. Moreover and more importantly, Regulation 63 restricts the Freedom of expression beyond the restriction imposed by Article 19 of the Constitution of Pakistan. Firstly, SDR is not a law; however, even if there was a law, restricting PIAC employees, (although this is not the case) it could not restrict us in any other matter than the matters provided in the above article (underlined portion). Any other restriction imposed by any law would be *ultra vires* the Constitution and therefore illegal and void. In the present situation the restriction imposed by Regulation 63 is beyond the Article 19, making it *ultra vires* the Constitution of Pakistan and illegal. Therefore, it can not be imposed on the employees of PIAC. In regards to the restrictions imposed by the Constitution, neither myself nor has any other member of PALPA has spoken in the interest of the glory of Islam or the integrity, security or defence of Pakistan or any part thereof, friendly relations with foreign States, public order, decency or morality, or in relation to contempt of court, [commission of] or incitement to an offence.
5. Furthermore, PIAC is a public limited company, whose majority shareholding lies with the Government. Although it is a corporation but a qusai-corporation. Hence PIAC is a matter of public importance and it is the right of the public to have information about PIAC under Article 19A of the Constitution of Pakistan.

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In the light of the above, it is humbly requested that the employees of PIAC should not be subjected to any unconstitutional action which would leave us with no option but to approach an appropriate court of law for our fundamental rights and for the Supremacy of the Constitution of Pakistan. I further request for a joint meeting of the management and PALPA Executive Committee which should be aimed at working together for the betterment of the airline.

In the end I would request for a thorough probe into the above financial irregularities and wasteful expenditure, where-after I feel it would be a fit case for sending it to the NAB authorities.



Capt. Suhail Baluch
PRESIDENT

cc: Managing Director – PIAC.
cc: Director Flight Operations – PIAC
cc: Director HR & Admin - PIAC