



New Zealand Air Line Pilots' Association

ANNUAL REPORT

2020 – 2021

PRESIDENT'S REPORT

As I write this article for the annual report it is difficult not to focus on COVID-19 and the effects it has had on our industry, our people, and our families. In the last week we have seen Government announcements opening the Cook Islands to merge with the Trans-Tasman bubble that has been in operation for the last few weeks.

It is difficult to overstate just how much the COVID-19 pandemic has devastated airlines globally. In 2020, industry revenues totalled \$328 billion, around 40% of the previous years. In nominal terms, that is the same as in the year 2000. The sector is expected to be smaller for years to come.

I have written before on the effect that the global financial crisis (GFC) had on the airline industry in 2008 and further the impact of SARs, but the effects of COVID-19 are far more profound. The GFC weakened spending power and reduced available cash flows. SARs provided an indicator of reducing passenger numbers, but COVID-19 has resulted in an irrevocable change in the airline industry's behaviours. As an industry, restoring the status quo is no longer an option.

By accepting that change, and recognising that the airline industry will be reshaped, we can no longer dwell on the negatives and must focus on how we grow our industry from the level that we now have. Some of the changes that our global partners and ourselves are witnessing are:

- Increased Governmental involvement at all levels of the industry, which is inevitable with the amount of capital inserted by states into the industry. Those that have provided the capital will want to see a return on their investment as creditors or as direct shareholders. This inevitably will introduce a political direction on our industry.
- Business travel will reduce. It is predicted that 60% of business revenue will evaporate. This prediction is being made by both the International Air Transport Association (IATA) and



NZALPA President Andrew Ridling.

the International Civil Aviation Organisation (ICAO) and was evident during the GFC as cash flows were tightened for several years. It is expected that leisure and VFR (visiting friends and relatives) will fuel the recovery.

- Dealing with varying and increasing debt levels is an issue that all airlines will struggle with. The cost of capital is currently at an all time low, but that will change as risk profiles and bank exposures increase. Pressures will then come on industry profitability.
- Prior to COVID, environmental climate change within the industry was a key focus for the aviation industry. The environmental focus globally has not changed and will continue to apply pressure for lower greenhouse gas emissions.
- Sustainable disruption to the industry. The industry is going to be different. Strategically, pilots and air traffic controllers need to be constructive collaborators working closely with key stakeholders – being employers, Government, and regulators – to ensure we can influence favourable outcomes.
- Living with the virus. Most scientists believe that COVID-19 will become endemic, and that society will need to learn to live with the virus. The air transport industry manages multiple risks (technical and natural) to maintain a safe operation. In line with this, IATA continues to call on

governments to work with the industry to establish plans to safely reconnect their people and their economies via air transport based on clear benchmarks for reopening, testing and vaccination protocols to manage risks.

- The importance of international cooperation. Throughout the virus experience, the international pilot and air traffic controller communities have worked very effectively through the International Federation of Air Line Pilots' Associations (IFALPA), the Association of Star Alliance Pilots (ASAP) and the Global Air Traffic Controllers Alliance (GATCA). This has meant we have often been provided with information well ahead of most sources in New Zealand. These networks will continue to be of extreme importance for us and our colleagues.

With the rollout of the vaccine to all border workers, including our pilots, a true light at the end of the pandemic tunnel has been seen. We are witnessing countries around the world looking to reintroduce international connections through bubbles and technologies, like vaccine passports.

What has not been lost on our members through the chaos of the last 12 months is that ALPA pilots have played a critical role in ensuring supply lines have remained open, New Zealand citizens have been repatriated and our economy has remained open. We have ensured the airline industry has a sustainable future.

The inevitable reshape of the industry will be on a global scale. To suggest that the industry will operate differently as we emerge from the COVID-19 pandemic is an understatement. However, NZALPA's core reason for being, and that of our pilots and air traffic controllers, will not change because of this pandemic – that being safety. Safety of our passengers. That is our core role in the industry we have chosen to work in.

As pilots and air traffic controllers, our jobs directly require the maintaining

continued on page 3 ...

of safety standards and procedures, and leadership plays a significant role in safety performance. NZALPA leadership establishes the standards and the values that NZALPA as an organisation demands from our industry. Our members have the power and responsibility to enforce these high levels of safety standards that we, as an organisation, require. For these reasons, it is critical for leaders to have a deep understanding of the day-to-day challenges our members face while doing their jobs.

In addition to NZALPA's steady leadership in the industry, individual air traffic controllers and pilots will play a significant role in maintaining safe practices and ensuring there is a culture of safety in all the organisations we represent, particularly in the next twelve months.

Unfortunately, preceding the COVID-19 pandemic the airline industry in New Zealand struggled to produce leaders with the required and envisioned "Senior Person" skills. There was an inability to deliver leaders that were looked up to for guidance, who possessed the ability to pass tacit knowledge on to the next generation and who had asked for the responsibility and been appointed on demonstrated industry skill, rather than being appointed on a grace and favour basis. This produced a void where natural leaders were unable to emerge.

Having the ability to recognise leaders and empowering them to take on leadership responsibilities must be one of the strategic focuses ALPA supports. The organisation needs to be proactive in ensuring those members that have the key skills in the industry are identified and are promoted into organisations to maintain a strong track record of safety that we have always demanded of the industry.

As the President of NZALPA, it is my role to ensure that we have a positive influence on our industry, and in the last 12 months I am proud to have led this organisation.

When I reflect on the work that NZALPA has undertaken and achieved, I can only appreciate the leadership skills that came to the

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fore. Largely, in our industry, leaders procrastinate when faced with such colossal decisions that were being dealt when COVID was having such an effect on our industry globally. In my view, this was due mainly to fear of making the wrong decision, taking the wrong steps and needlessly making people anxious. It is not unusual to see delays and inaction, and have threats downplayed until the situation becomes clearer.

In the case of COVID, the pandemic hit our industry so swiftly and with such ferocity that the leaders within NZALPA worked in an urgent, honest, and methodical manner. They acknowledged that mistakes are inevitable, but by working in a collaborative and methodical way the best outcomes for all were achieved. However, this is not because of what we, as representatives, have done. Rather, it is about what the members have accomplished. I cannot thank every member enough for recognising the seriousness of the situation that we have found ourselves in and stepping up and performing when it was necessitated.

Over these last 12 months, so many people have done so much work on behalf of us all. To watch the industry pull together as a team has been an incredible experience. This year has demonstrated for me as to why I have been a member of NZALPA for over 30 years. Unfortunately, I am not going to be able to comment or thank everyone on every council or committee for the work that has been achieved.

The pandemic required NZALPA to establish regular meetings with different Government departments, and strengthen relationships with the Ministry of Transport, Ministry of Health, and the Civil Aviation Authority (CAA). Our quarterly meetings with

government department executives ensure that we have a voice at the table and input into decision making. In particular, I need to thank the Minister of Transport, the Hon Michael Wood, for his direction and leadership throughout this crisis in ensuring these discussions occurred.

We have also worked very closely with the CAA as they worked through a very public reform to establish the capability and organisational structure to operate as a robust regulator. We are very supportive of the job that the board Chair, Janice Fredric, and the Acting Chief Executive and Director, Shelley Turner, have achieved in rebuilding the authority. Regulation is a necessary evil and it has always been NZALPA's belief that the industry requires a strong, well-resourced regulator. Airlines are currently enjoying the safest stretch of flying in history. There are many reasons for this, but the CAA undoubtedly deserves some credit for creating an aircraft and pilot certification process that demands safety at its core. Both the CAA and NZALPA fundamentally have the same drivers and are looking for similar industry outcomes. In May we met with the newly appointed Director, Keith Manch, and we look forward to working closely with him and his team as we emerge from COVID.

In addition to traditional aviation discussions, we have been urging both the Ministry of Transport and the CAA to ensure that Remotely Piloted Aircraft Systems (RPAS) are carefully regulated for both commercial and recreational use to ensure that they are safely integrated into the airways system. The CAA must work closely

continued on page 4...

with pilots operating in the same airspace as drones to ensure that their expanded use does not pose a safety risk to the public (both in the air and on the ground).

Unfortunately, with the emergence of the pandemic and at a time when safety should be considered a priority and not compromised, we saw Airways attempt to reduce its services. In our view, Airways' attempts to justify the closure of seven provincial towers around New Zealand could only be seen as an attempt to use COVID-19 as an excuse to restructure its business model based on profit rather than safety. As discussions deepened, it became very clear to NZALPA that the purported savings touted by the Airways' board were not available. It therefore leads us to believe that Airways' proposal was a clumsy way of reorganising its pricing model.

At the time of writing this report, one of the safety cases has been submitted to the CAA. The CAA has concluded that the required levels of services must be maintained and are required on the grounds of safety. We expect the safety cases for the other affected aerodromes, and the CAA's considerations of them, to reach a similar conclusion. This, though, begs the question as to the understanding of Airways' board and senior management about their role in providing a safe aviation environment for the travelling public. Interestingly, Airways' website states "Safe Skies for today and tomorrow".

Throughout all of this, NZALPA's ATC council and leadership have provided strong advocacy in all areas. ALPA pilots are very appreciative of the submissions they have put forward, on our behalf, to ensure the air traffic control system that we currently enjoy is not demolished piece by piece. The New Zealand public has paid for a system of safety and, in the main, it has been demonstrated that there is no cost to the operation – it is just not returning the level of investment that is required.

From an operational point of view, like a number of organisations in New Zealand, NZALPA was required to restructure its business after cash flows were severely impacted. In

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the process we lost several staff to voluntary redundancy or exits. I want to thank Adam, Eliza, Mel and Pamela for their service to the organisation over a vast period of time.

At the end of every report we focus on our representatives. This year has been extraordinary. My role as President has been made so much easier by the exceptional people that have supported me. I have witnessed the hours of family time that have been lost by these individuals working tirelessly 12 hours per day, seven days per week, to conclude agreements and publish communications to both members and employers. They have worked relentlessly on behalf of the membership at a great cost to themselves, while they and their families were being equally affected by COVID. At the same time, all our employee groups were under pressure, as well as the organisation itself. It was immaterial what role individuals had been elected to – the job was essentially the same. I cannot thank each one of these individuals enough on behalf of the membership:

- Vice President Capt. Kim George (until June 2020)
- Vice President S/O Mike McGuire (June 2020 – Present)
- Industrial Director Capt. Andrew McKeen

- IFALPA Director Capt. Tim Robinson
- ATC Director Mr Kelvin Vercoe
- Technical Director Capt. Hugh Faris
- Medical and Welfare Capt. Andrew Pender
- Secretary F/O James Jarvis

Behind the elected representatives is the support. That is provided by Dawn Handforth and her team. As mentioned earlier, this team has also been affected by the industry downturn. Those remaining have needed to pick up additional duties in areas they were not used to. The entire staff team needs to be thanked for looking after every member throughout this most difficult time.

I would like to finish this annual report with a thank you to Tim Robinson. Tim is now an A320 Captain and has made the decision to stand down from NZALPA in all roles. Tim has given service to our organisation of more than ten years. He has held most roles within the organisation, including the President's position. His experience in negotiation as a qualified lawyer will be missed by several of our teams. Tim was wanting to stand down a year ago, but I asked him to stay on to help in a leadership role. His knowledge and skills will be missed. Thank you – to Tim and Brenda for your time.

Finally, it is not missed or forgotten by anybody in NZALPA the extensive loss and hardship that has been placed on a lot of our members over the last twelve months. We are all aware of the number of members that have lost their jobs and careers because of COVID-19. I can only assure you and your families that our role as pilots and air traffic control leaders in this position is to ensure that there is a very good career for you and your families to return to. I don't know when that will be – but history tells us that it will occur.

ANDREW RIDLING
President

GENERAL MANAGER'S REPORT

During the past year I passed a milestone of 20 years' service at NZALPA. Over the course of that time, I have witnessed and been a part of many changes in the organisation – many proactive, and some reactive in response to changing circumstances. Clearly, the circumstances of the past 12 months have caused significant changes on a scale no one could have foreseen. Like many other organisations, NZALPA has been forced to adapt and change, in order to ensure we not only survive the impact of COVID but also continue to be able to serve our members to the highest standard and grow to be a stronger organisation for the future.

Operations

Following our restructure in the second half of 2020, which saw the departure of four valued staff members, the operation has had to adapt. I am incredibly proud and grateful to the team for stepping up and taking on additional duties, as well as agreeing to a 12-month pay freeze in response to NZALPA's reduced revenues – all while maintaining our essential focus on serving the needs of our members well. The upheaval caused by the restructure also had an impact on health and wellbeing, and so renewed efforts have been made to support staff through these uncertain and demanding times.

Government and stakeholder outreach

Notwithstanding the challenges that COVID has thrown at us, throughout the year we have continued the essential work of maintaining our relationships with key stakeholders and industry colleagues, advocating on members' interests.

Pre-election, we met with the CAA Board Chair and CAA Director in the wake of the internal culture review; the Minister of Transport to brief him on member and COVID industry issues; and Ministry of Health officials to provide a briefing on the reality for pilots at New Zealand's borders and



General Manager Dawn Handforth.

experiences on arrival in Asia, North America and Australian ports.

As can be expected, post-election has been particularly busy. To begin, we provided a comprehensive written briefing to incoming Minister Michael Wood (Minister of Transport and Minister for Workplace Relations and Safety) outlining key areas of importance. Following this, we have had regular meetings: in October we met with the CAA Director to progress discussions on areas of importance; in November we tried to work through the MIQ and visa issues behind the L3Harris closure and the developing crisis for the pilot training industry with Minister Hipkins' political advisors and international education officials; in December we had a constructive first meeting with Minister Wood, as well as a positive meeting with Hon Mark Mitchell (National's State-owned Enterprises spokesperson) and Christopher Luxon (National's aviation spokesperson). Discussions around border issues for members also continued through the office of Hon Chris Hipkins and the Ministry of Health.

February saw us meet with the Ministry of Transport, followed by a meeting with the Minister of Transport in March. Discussions included the proposed withdrawal of Air Traffic Services (ATS) from seven aerodromes, COVID border and quarantine issues, and decision-making as the focus turns to the operational recovery of the sector.

In April we met the new CAA Director, Keith Manch, Ministry

of Transport officials, the Police Association and Aviation NZ, and last month we attended an outreach meeting hosted by the Ministry of Foreign Affairs and Trade and NZ Trade and Enterprise, during which time we took the opportunity to raise with the Minister for Trade and Export Growth (the Hon Phil Twyford) NZALPA's interest in the development of labour standards and Air Service Agreements in free trade agreements.

During the year, we also made submissions on a number of issues, including the Holidays (Increasing Sick Leave) Amendment Bill, the Incorporated Societies Bill, the Lawyers and Conveyancers (Employed Lawyers Providing Free Legal Services) Bill, the Financial Markets Authority Consultation Paper *'Proposed Guidance on Kiwisaver fees and value for money'*, and the areas of trade that should be included in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership when considering new countries for membership.

Of particular note, in February we provided a comprehensive submission to the Cabinet paper on the International Air Freight Capacity Scheme, which allowed us to push our case for retention of the Scheme. Obviously we are delighted that the decision has been made to retain the scheme, which has been renamed Maintaining International Air Connectivity (MAIC), to support air services through to the end of October 2021, with the potential for an extension to March 2022. We will continue to work with officials on this issue, to ensure critical air connectivity is maintained.

NZALPA was also the only union represented on the Trans-Tasman 'travel bubble' reference group, which drafted policy papers for Cabinet's consideration.

NZALPA in the news

As the *Voice of Aviation*, we continue to be regularly approached for comment

continued on page 6 ...

... continued from page 5

on industry issues in the national media. Understandably, the commentary over the past year has been largely COVID-centric. Topics included hotel conditions for pilots whilst in isolation, border lapses, the impact of constant and stringent isolation requirements on pilots' work life balance and families, vaccinations, government inaction on specific border exemptions and the impact on the flight instructor industry, the closure of L3Harris, and redeployment of furloughed and redundant pilots into the other sectors and industries.

As part of our strategy to tackle Airways' proposal to withdraw ATS from seven aerodromes, editorials and related media releases were published in newspapers in a number of regions whose airports were affected. Other media stories featured third parties (such as mayors and airport management) who had also reached out to NZALPA in support of our opposition to the proposal.

Unsurprisingly, our views were also sought on laser strikes and drone near misses.

It has been an extraordinary year. My thanks go to the staff for the fantastic job they have done. It has been a pleasure working with the Principal Officers and Board, who have all worked tirelessly to look after members' interests, frequently at the expense of their own family time. Finally, my thoughts go out to all of our members who have been doing it tough, and particularly those who have lost their aviation jobs. I hope that one day soon you will be able to return to the profession that you hold so dear.

DAWN HANDFORTH
General Manager

SECRETARY'S REPORT

Unfortunately, we are now all too well aware of the effects of the COVID-19 pandemic. I'll leave it to others to more fully discuss the varied impacts on the industry, but I will make brief mention of NZALPA and our membership.

Many of you will have read the communications that we sent out over the last year which addressed reduced subscriptions due to redundancy and furlough, and the resulting impact on our operation. There are many ways to quantify this. However, perhaps the simplest way to paint an accurate picture is a direct comparison.

The following database figures are taken from End of Year 31/3/2020 and End of Year 31/3/2021:



Secretary James Jarvis.

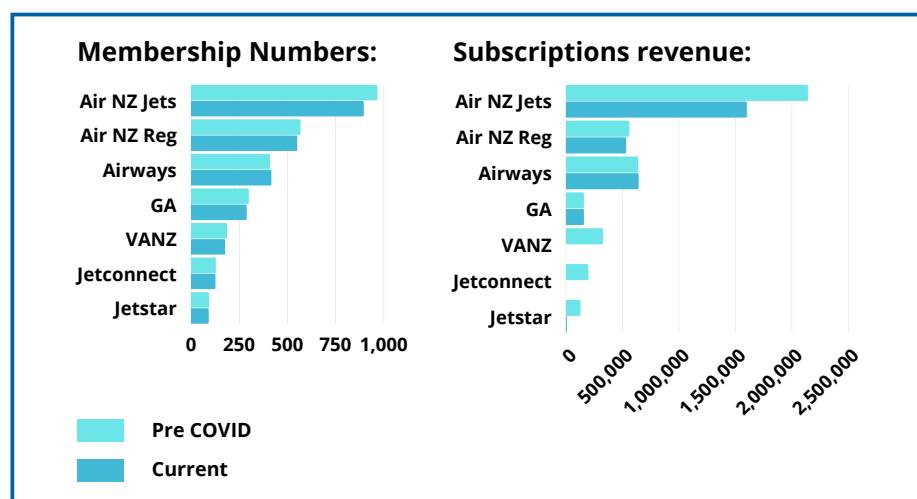
MEMBERSHIP SUMMARY

up to the : 31/03/2020

Groups – Summary	No. of Employers	No. of Unfinancials
Air N.Z Jet	965	0
Air N.Z Regional	567	0
Airways Corp.	409	0
Jetstar Airways Ltd	93	0
Ex Virgin NZ (Redundant)	187	0
Jetconnect Ltd	128	0
L3 Airline Academy	68	0
Canterbury Aero Club	18	2
Massey School of Aviation	25	0
International Aviation Academy	12	0
Seeking Full Employment	19	0
A Group Employers (<= 10 per employer)	176	0
	2667	2

Total subscriptions were \$4.19 million.

Only 52 members were on Leave Without Pay.



continued on page 7...

MEMBERSHIP SUMMARY

up to the : 31/03/2021

Groups – Summary	No. of Employers	No. of Unfinancials
Air N.Z Jet	895	0
Air N.Z Regional	550	0
Airways Corp.	416	0
Jetstar Airways Ltd	91	0
Ex Virgin NZ (Redundant)	176	0
Jetconnect Ltd	126	0
L3 Airline Academy	61	0
Canterbury Aero Club	18	0
Massey School of Aviation	26	0
Air Chathams	14	0
Ardmore Flying School	11	0
Auckland Rescue Helicopters	11	0
International Aviation Academy	14	0
Seeking Full Employment	38	0
Skyline Aviation	11	0
A Group Employers (<= 10 per employer)	160	4
Retired Member	29	0
	2647	4

Total subscriptions were \$3.3 million.

460 members are on Leave Without Pay of one form or another.

Whilst the individual burden has varied, with some members suffering a 100% reduction in income and others much less, it is nevertheless interesting to look at the individual employee groups:

- **Air New Zealand Jet:** with 965 members and a subscription contribution of \$2.14 million, reduced to 895 members and \$1.6 million subscriptions
- **Jetconnect:** with 128 members and subscriptions of \$196,000, reduced to 126 members and \$0 subscriptions
- **Jetstar:** with 93 members and subscriptions of \$128,000, reduced to 91 members and \$8,000 subscriptions
- **Airways:** with 409 members and subscriptions of \$638,000, increased to 416 members and \$642,000 subscriptions
- **Air New Zealand Regional:** with 567 members and subscriptions of \$560,000, reduced to 550 members and \$532,000 subscriptions
- **Virgin:** with 187 members and subscriptions of \$325,000,

reduced to 176 members (now unemployed) and \$0 subscriptions

- **General Aviation:** with 299 members and \$158,000 subscriptions, decreased to 288 members, but retained subscriptions of \$158,000.

My focus during the early months of the pandemic was very much in assisting the President with addressing this impact on NZALPA due to the reduction in subscriptions. Whilst the various Councils worked tirelessly to address the interests of their members, a great deal of work was done to save NZALPA. Had we continued with outgoings as they were, we would very quickly have found the organisation in a dire financial situation and unable to effectively assist or represent the membership. However, the needs of the organisation had to be balanced against the needs of the members, and I believe that we have done a good job by immediately providing subscriptions relief to those who needed it the most.

Unfortunately, this exacerbated the financial situation and one casualty

of this was our staffing budget with the redundancy of several staff members, including Eliza who had handled membership matters and Board liaison for me. This has resulted in Carina Pretorius stepping up to take over these roles. Carina wears several hats and is now doing the work that used to be performed by two or three staff members. As a result, all membership applications, resignations and significant queries now come to me to be checked, which has increased my workload but had a positive consequence insofar as I am now much closer to the day-to-day action than used to be the case.

In my last Annual Report, I pointed out that the changes suggested by the Membership Working Group needed to be progressed urgently. This was done and after a successful member ballot in August we then updated the membership Rules. This allowed our redundant members to be placed into the 'temporarily not employed' category found at Rule 5(1)(e), rather than have to resign from NZALPA. Unfortunately, the category was not really designed for the situation of mass redundancy and industry destruction that has occurred, as obviously this could not have been foreseen. The category was instead designed for those members between jobs, or perhaps taking a few months out of the industry, for instance to travel. A consequence of this is that temporarily not employed members do not currently have the right to vote at meetings, nominate or stand for office.

This caused issues immediately, particularly with the VANZ Council and also those Virgin members acting as a Principal Officer or on the Board of Management. The Board has used its discretion to interpret the Rules and allowed the status quo to continue until this Conference. However, the matter will require further debate and determination. Conference will also need to address the future status of our very large group of unemployed members, as continued membership under Rule 5(1)(e) is currently limited to a period of two years.

I am hopeful that we can review the concept and format of future Conferences. Unfortunately, in the

continued on page 8...

last few years we have spent a great deal of time dealing with remits, some of which in my humble opinion were not worthy of the precious time and expense. Whilst there are always rule changes to be made, we need to remember that at any time the Board of Management has authority under the Rules to process these and send them to the membership to be voted upon. Conference time would be better spent dealing with 'big ticket' items and a more strategic focus, especially if we retain the reduction from three days to the two-day format.

It has been a hell of a year. We have done our best to support our membership and in turn, we have received a great deal of positive feedback along with the occasional criticism. It must be very easy for those members who have lost their livelihoods to feel marginalised and out on their own, but I can assure you all that I've observed a phenomenal amount of effort going on behind the scenes, whether or not the ultimate outcomes have been what we would have wished for.

Finally, I'd like to thank the office staff for their equally amazing efforts over the last year. They have continued their duties professionally during this period of review and uncertainty, in some cases carrying a much greater workload than previously.

JAMES JARVIS
NZALPA Secretary

VICE PRESIDENT'S REPORT

As I write my first Annual Report as Vice President, I find myself reflecting on what has been an incredibly challenging and stressful year in aviation and, personally, a baptism by fire given the significant impact COVID-19 has had on our industry and NZALPA.

You will all be acutely aware of friends and colleagues that have been made redundant, placed on furlough or in a holding pattern on leave without pay, waiting for our industry and their employers to bounce back. It is unfortunate that some will not.

Here in New Zealand, we are starting to see a glimpse of light at the end of a very long tunnel with the opening of the Trans-Tasman and Rarotonga bubbles. However, there is still a long way to go before our industry is even close to being back to its pre-COVID levels.

Never has NZALPA and its membership experienced such a significant loss of income. The larger membership providers (Air New Zealand, Virgin Australia NZ, Jetconnect and Jetstar) have all been impacted and this has, in turn, reduced NZALPA's annual income by some \$1.2 million.

Ultimately, such a loss in income results in any organisation having to review and potentially restructure – and NZALPA's decision to restructure, while far from an easy one, was essential to our strategy moving forward and our long-term survival. Three long term staff members



Vice President Mike Maguire.

elected to take voluntary redundancy and another left to pursue a career change. Although unfortunate to lose staff at any time, the restructure has had a significant, positive impact on our wage bill. Together with tight fiscal management, other targeted cost savings, a faster domestic recovery and several prudent investment returns, NZALPA has emerged from the financial year in a breakeven situation.

The reduction in staff, however, isn't reflective of a reduction in the work that has needed to be achieved, and in general the administration of member-driven needs has increased. A huge thank you must go to all the staff who, despite the stress and uncertainty of NZALPA's future, have stepped up, assisted in areas outside their comfort zone and got on with the job of ensuring we continue to operate as efficiently as possible for the benefit of our members.

NZALPA has been in the enviable position of operating with a significant budget surplus for several years now which, during this time of financial crisis, has afforded the Board of Management the ability to offer a moratorium on subscriptions to our members that have lost their aviation-derived income – thus allowing them to remain financial members and continue to benefit from the products and services available.

As a result of a remit at the 2018 conference, a working group was established to review the NZALPA membership categories and provide recommendations to the Board. You will be aware that the subsequent new Rules that followed from that work came into effect in September last year. However, the work did not stop there – a large amount of time and effort to work through those changes was needed, which in turn necessitated a substantial change to the database provided by Tanglewood Network Systems Limited. That work, along with staff training, was completed in May.

These changes in membership categories are beneficial for NZALPA in that they allow us the flexibility to recruit and retain members that otherwise would have been unable to join the Association or would have been forced to resign. This has been particularly critical as we navigate our way through COVID and its aftermath.

Elections for various positions within NZALPA and Council representatives

continued on page 9...

have recently concluded, and it was pleasing to see some new names amongst those who continue to put their hand up to be involved in the running of the respective portfolios. It is a thankless and time-consuming task at times, requiring substantial commitment of the individual and support from their family. Support and encouragement from colleagues is also vital and, although impossible to please 100% of the people 100% of the time, each volunteer is doing their upmost to represent you, the member, as best they can. You won't always agree with the direction being taken or decisions being made, but constructive feedback is always welcomed.

With the time pressures on family life and our work-life balance often being threatened, it is understandable why members are reluctant to get involved in the running of our organisation. However, it is essential for the continued defense of hard-fought contracts, membership benefits and assistance that we have members willing to learn from experienced older hands with a view to eventually leading the different portfolios of the organisation. We are a member-owned and member-driven entity which uniquely understands the environment pilots and air traffic controllers operate in. This comes from having those at the coal face directly involved in decision

making. I encourage anyone with an interest to express this and reach out for more information.

Finally, I would like to take this opportunity to say a massive thank you to Leo Liu, NZALPA's Finance Manager. Leo is the consummate professional and it is with his experience, knowledge and attention to detail that NZALPA finds itself in the healthy financial position it currently enjoys. Ultimately it is well-managed funds that afford NZALPA members the opportunity to experience the benefits of the organisation during the good times and the bad.

MIKE MAGUIRE
Vice President

AIR TRAFFIC CONTROL DIRECTOR'S REPORT

Living in New Zealand during the global COVID pandemic has been what could be considered a surreal existence when considering what 'the rest of the world' is going through. It's only when I see and hear about the ongoing global humanitarian crisis caused by the pandemic, and the devastating 'waves' that continue to cause unprecedented scenes around the world (which have so far largely been avoided here), that I realise how fortunate we are to be a 'small isolated island nation in the South Pacific'. This is something I am certainly thankful for, and these thoughts are ever present when I attend regular online meetings with my professional colleagues overseas. Their updates from around the globe regarding COVID, the effects on workplace relations, and the grim short to medium term outlooks on the aviation sector recovery are sobering. I know we won't be spared many of these effects the way we have been the virulent spread of this disease, but we will have certainly taken a different journey.

With all that said, we have not had a quiet year by any measure.

Regional Towers Closure Programme

Since April 2020, NZALPA – and specifically the Air Traffic Control



ATC Director Kelvin Vercoe.

(ATC) Council – has been engaged in a campaign to highlight, in our opinion, the naivety and ignorance of Airways' management, Executive Leadership Team (ELT) and Board's decision to propose to close seven towers and remove air traffic services and controlled airspace, from seven aerodromes. This decision was based on initial understandably conservative, but – ultimately – questionable or convenient forecasting of regional air traffic levels well into the future. It also appeared to have little regard for the obvious and devastating effects the decision would have on aviation safety, and connectivity to our regions and the communities involved, should the proposal go ahead. In our view, this was an egregious apparent decision to 'not miss taking advantage of a crisis'.

Soon after that announcement, the NZALPA ATC Council set about creating a document to highlight the serious impact on safety this decision would undoubtedly have. The document, the *NZALPA Technical Bulletin – Removal of Air Traffic Services, Report on Associated Technical and Safety Issues*, became the foundation of all seven contracted Aeronautical Studies subsequently undertaken by various domestic and international aviation safety consultancies; a testament to its comprehensiveness, and the knowledge and professionalism of the Air Traffic Controllers (ATCs) who compiled it.

New Zealand's aviation community, aviation safety and regional communities could be said to owe a debt of gratitude to these efforts.

In parallel to the safety and sensibility messages being communicated, a key component of the Council's campaign was to retain the employment of the nearly 50 highly trained ATC and Flight Service Officer (FSO) professionals, who were facing the possibility of being made redundant by Airways. To date, we have managed to do this.



continued on page 10 ...

As a key stakeholder and subject matter expert (SME), NZALPA was heavily involved throughout the aeronautical study consultation process. Numerous representatives gave hours and hours of their time to represent NZALPA at every aerodrome study meeting. Their commitment was made even more important by the fact that Airways refused to allow the SMEs associated with each aerodrome (the actual ATCs and FSOs working in those towers) to have direct, uncensored involvement with those conducting the studies.

In addition, the expertise and experiences offered by our pilot colleagues – particularly those within the regional and domestic community – played a crucial part in supporting our Technical Bulletin. Without this fantastic interaction between our NZALPA family of aviation professionals, the work involved in achieving the successful outcomes to date would have been significantly more challenging. At the time of writing this report, I am thrilled to learn that the first Aeronautical Study to be reviewed and completed by the CAA (NZMF-Piopiota Milford Sound) has resulted in a decision that (as is currently provided) an Aerodrome Flight Information Service (AFIS) is the safest option for that aerodrome and should be retained.

CEA Negotiations

Unlike the decisions of other major employers of NZALPA members, the Airways' ELT and Board made a decision to reject an offer of a 12-month rollover of the ATC CEA, in favour of commencing bargaining. In my opinion this was naive. COVID is still affecting Airways' business and a 12-month rollover would have provided a period for stabilisation of the economy in general, and the aviation sector specifically. That said, negotiations are under way and we are attempting to use an interests-based approach.

Traffic Levels

Despite the understandable temporary reduction in traffic during the various national Alert Level changes, since late 2020 – and

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these efforts.

now with the Trans-Tasman bubble active – tower units and radar sectors throughout New Zealand's domestic network are experiencing movement numbers well akin to pre-COVID levels. It has to be said that the forecasted long term domestic downturn (and the projections that Airways used to consider removing services from almost half of the regional network) has not eventuated and we are fortunate to be in the situation we are.

The Alliance – GATCA Global Air Traffic Controllers Alliance

The Alliance member representatives have reported very similar stories of the effects of the COVID pandemic in their countries, including strained industrial relations caused by opportunistic and poorly-planned management decision making, and extremely low traffic levels – with no real light at the end of the tunnel yet.

The value of sharing information like this cannot be underestimated. There are so many parallels that are too often drawn with different actions taken by individual employers across the globe. These relationships and affiliations are consequently vitally important in maintaining respect for, and the integrity of, our ATC profession globally.

IFATCA – International Federation of Air Traffic Control Associations

IFATCA has also been representing the ATC profession through the COVID pandemic. For obvious reasons, and for the second year running, the annual IFATCA conference has been cancelled. This year, as an alternative, an online conference to discuss the business

of the Federation was called. New Zealand's active participation in this was fulfilled by Greg Okeroa and me.

Council Elections

A 'new' ATC Council has been elected and, in my opinion, the polling showed that the hard-working members of the current council are well supported by the members. Special thanks to Jim Dunn who will step down from the Council following Conference 2021. We have all appreciated your input, Jim.

Thanks and gratitude to individuals

This is my opportunity to personally thank all the ATC council members for their work over the last year.

I could mention everyone individually, but specifically I'd like to thank Greg Okeroa, as ATC Council Admin Head. His work ethic and dedication to representing members is unparalleled. Mike Bishop (Industrial) and Scotty Herbert (Welfare) have worked tirelessly through a year of constant demand.

Robin Parsons (Technical), Sally Cooper-Johnston & Mike Slack for their incredible work on the *Technical Bulletin*. Additionally and especially, on behalf of the ATC membership, I would also particularly like to thank Chris Pond (Q300 pilot, Air NZ Regional Council Technical) for the many hours of his time he so willingly dedicated to the aeronautical study consultation process, and Hugh Faris for his support as NZALPA Technical Director.

Sally Cooper-Johnston deserves another mention for her tireless work establishing modern and vastly improved direct member communications, and for helping me write this – thanks Scoops.

Lastly, President Ridling deserves thanks for his friendship and support in all things ATC whenever asked, and we asked a lot; and on the bigger stage, for his guidance through what has been an extremely challenging year for NZALPA and its members – chur bro.

Nga mihi

KELVIN J VERCOE
ATC Director

INDUSTRIAL DIRECTOR'S REPORT

Being a representative of any Industrial Union of Workers during the last 12 months is probably something no one would wish for. As I reflect on the last 12 months, I am proud of the way all NZALPA staff and NZALPA representatives have dealt with the various challenges COVID has thrown our way.

I could repeat numerous statistics on how devastating COVID has been to our industry, but I will take it as given that you are all too aware so, instead, I thought I'd give you a sense of what some of our members have faced.

The Air Traffic Control (ATC) members had to deal with a reasonably well-published approach Airways took in proposing a reduction to various ATC services around the country. Airways' approach would best be described as opportunistic and while common sense eventually prevailed with corrected processes followed, it illustrates the behaviour employers can take when presented with opportunity.

The Jetstar NZ members ratified two temporary variations to their collective employment agreement (CEA). The first effectively forced the pilot group onto leave without pay and the second was a form of work sharing agreement in an attempt to evenly distribute the available domestic flying amongst the members. Their next challenge is in securing 'Tasman bubble' flying.

The Jetconnect members ratified a short extension to their CEA avoiding bargaining for a new collective during 2020, and a temporary variation that effectively forced the pilot group onto leave without pay just as their Jetstar colleagues did. As I write this report, Jetconnect is beginning the process of requalifying pilots to begin flying the recently opened 'Tasman bubble'.

While history will show that the New Zealand based QANTAS group employees (Jetconnect and Jetstar) accepted a change to their employment arrangements allowing a forced period of leave without pay, I think we all appreciate this wasn't really a decision that any of them



Industrial Director Andrew McKeen.

wanted to take. The alternatives the parent company could have taken placed the members in a very difficult position and this was something very much driven by the employment arrangements that exist for the Australian based employees.

Despite being proactive with their employer, we unfortunately saw the liquidation of the Virgin Australia NZ (VANZ) operation with the loss of all employment for those members. I want to again acknowledge the VANZ representatives who acted professionally in finalising the redundancy details for the members in what was a personally challenging time for each of them.

The Air New Zealand jet and turboprop members took similar approaches with periods of forced reduced pay, voluntary exit options, part time working arrangements, redundancy, and 'furlough' (a form of leave without pay) as an alternative to redundancy. There are encouraging signs of a domestic recovery, international demand is slowly increasing with the 'bubble' flying and

various freight contracts continue to generate revenue.

COVID is non discriminating, so our general aviation members were not immune from upheaval with CEA variations, voluntary measures, rostering changes, redundancies and inevitably, also dealing with closures.

After various changes agreed to by the members, L3 Harris (previously CTC Aviation) ultimately closed the New Zealand business in February this year with the loss of all employment. This is a significant change to the flight training industry and impacts the wider Hamilton region with a number of students that will now not pass through the doors. Mountain Air also ceased operations.

Canterbury Aeroclub (CAC) members were on reduced pay, non-permanent/casual employees had their contracts ended and some members took leave without pay to address the underlying surplus. CAC is lucky enough to have domestic students to continue operating at least in the short term.

Ardmore Flying School restructured their business and NZALPA assisted the members with the proposed changes that were expected of them. After what could be described as a patchy start, we came to an arrangement that better suited the needs of the instructors while still addressing the underlying requirements of the business. Leave without pay and part time work was still a reality for some.

The flight instruction industry really needs the return of international students to recover to anything like it was pre-COVID.

This is not intended to be an exhaustive summary, but illustrates to me the Association has positioned itself as a progressive organisation, willing and able to work through a crisis addressing the issues each employer group faces.

Undoubtedly, we have faced disappointment along the way as we addressed the challenges.

I would encourage
each of us to take
a moment and
consider our own
circumstances against
those that have lost
their career of choice.

continued on page 12 ...

Through being made redundant or some form of forced period of leave without pay, over 500 NZALPA members have found themselves without any form of income during the last year. Most of those members still have no income derived from an aviation source and have had to rearrange families and often relocate cities to find alternative employment. I would encourage each of us to take a moment and consider our own circumstances against those that have lost their career of choice.

With a vaccine rolling out around the world, recovery is now more frequently being discussed. However, the future of the aviation sector will ultimately be shaped by customer demand. As we have found with COVID, sometimes we have little influence on the things that significantly impact us. In most scenarios, any 'new normal' is expected to see reduced demand as rebuilding passenger confidence will take time.

Finally, I would like to acknowledge all the staff at NZALPA who continue to work hard to meet the industrial needs of the Association. NZALPA could not function without teamwork and as I start my second term as your ID, I would like to thank all the people whose support I have received. I look forward to working with everyone again in what will be another very busy year I'm sure.

ANDREW MCKEEN
INDUSTRIAL DIRECTOR

TECHNICAL DIRECTOR'S REPORT

It is hard to reconcile that over a year has gone by since the government announced New Zealand was "closing its borders" to international travelers at 11.59 pm on Thursday 19 March 2020. Whilst it was appreciated at the time that the impact on our industry would be significant, no one could have accurately predicted the global impact of COVID-19 on aviation, trade, tourism and the economy in 2020.

The International Civil Aviation Authority (ICAO) reports that 2020 saw global airline passenger traffic down just over 60% and revenue passenger kilometres (RPK) down close to 66%. This resulted in a US\$371 billion loss in passenger operating revenues for airlines. Airports also experienced a 64.2% reduction in passenger traffic and 65% reduction in revenues of US\$111.8 billion.

As a result, tourism saw a decline in international tourism receipts of US\$910– US\$1,170 billion compared to US\$1.5 trillion generated in 2019.

It would be an understatement to state that this has had a devastating impact on our industry.

It is difficult to contemplate any positives from this pandemic. However, there is an expression that "there is a silver lining to every cloud", and this could be said for the massive reduction in aircraft movements at our major airports due to COVID-19 that has allowed major airport infrastructure projects to be completed in a timely manner,



Technical Director Hugh Faris.

whilst minimising risk. One such major project NZALPA has been involved in is the risk studies and implementation of the Auckland Airport runway rehabilitation project.

The NZALPA Technical team participated in numerous Risk Workshops to identify and mitigate risks associated with displaced threshold operations for both Runway 23L and 05R in order to carry out slab replacement works at both ends of those runways.

German company, Airsight GMBH, was contracted by Auckland International Airport Ltd to carry out the safety cases for both ends of the runway, which were subsequently approved by the NZCAA.

The repair work was carried out with minimal disruption to aircraft operations and, in the case of Runway 05R, work was completed ahead of schedule.

It was very pleasing to see the quality of the risk assessments and subsequent case studies reports by Airsight, allowing for the work to be conducted on time and in a very safe and efficient manner.

Another major project which NZALPA participated in during the past year is the Regional ATC Towers review being conducted by Airways Ltd.

On April 9 2020, Airways announced its intention to completely withdraw Air Traffic Services (ATS) from five regional airports (Rotorua, New Plymouth, Napier, Gisborne and Invercargill) and Aerodrome Flight Information Service (AFIS) from Paraparaumu & Milford Sound, on the basis that they would be financially unviable and that "Safety will not be affected by the removal of Air Traffic Control or Flight Service from these airports".

This was an intriguing comment, considering that no aeronautical study or safety assessments had been carried out by Airways before making its announcement.

As a consequence of this decision, the affected aerodromes were required by NZCAA rules to carry out aeronautical studies to determine the risk to aviation should ATS or AFIS be removed.

NZALPA was invited as a stakeholder to participate in the various aeronautical studies and a huge thanks must go to those members from the NZALPA Technical Subcommittee and the ATC Council who put in many long hours attending

continued on page 13 ...

these workshops. Of note was Airways refusal to allow one of the most significant stakeholders – their employees who actually work in the towers, both Air Traffic Controllers and Flight Safety Officers – to participate in the workshops!

The final reports have now been completed and the resounding result is to retain ATS or AFIS at all aerodromes, except Gisborne where it was deemed a Flight Service would suffice. These reports have been sent to the NZCAA for its consideration. NZALPA has made submissions on these reports to the CAA and we await the outcome of its deliberations.

It is now more than a year since our Technical Officer, Dave Reynolds, resigned his position at NZALPA and the decision made not to fill the vacancy in the short term due to the COVID pandemic. I would therefore like to thank my Technical Subcommittee for stepping up to the plate and attending to the various meetings, airport operations groups and other industry stakeholder liaison groups during the past year.

In addition, the quarterly Technical Subcommittee meetings have been well attended and, although aviation activity has been severely limited, a lot of good work continues to be done while we adjust to the new normal.

One aspect of this new normal is that a significant number of meetings are now conducted online or virtually. A downside is that most of our international (IFALPA) meetings are now being scheduled to satisfy the large European contingent and are therefore conducted at times that are not necessarily convenient to us here in New Zealand. Normally 11pm to around 3am NZ time!

It is critical, as we keep an eye on the future and the eventual reopening of international borders, that we maintain our attendance at these meetings. NZALPA's participation at the various IFALPA technical committee meetings allows us high level access to ICAO, the International Air Transport Association (IATA), Eurocontrol (the European Organisation for the Safety of Air Navigation) and aircraft and engine

manufacturers, along with regulatory bodies such as the US Federal Aviation Administration (FAA) and the European Union Aviation Safety Agency (EASA). This provides us with invaluable information and the ability to help shape the rules, policy and procedures for our industry. Although virtual meetings have served us well during this COVID-19 pandemic they do not, and cannot, replace the efficacy of in-person physical meetings with our friends and colleagues internationally.

Some important issues that are the focus for the coming year include ICAO's Global campaign on Notice to Airmen (NOTAM) improvement, a new Global Reporting Format (GRF) for runway friction, Reduced Crew Operations and Evidence Based Training, to name a few. If you have an interest in these – or any other – technical issues, please volunteer. NZALPA needs you.

Many thanks,

HUGH FARIS
TECHNICAL DIRECTOR

MEDICAL & WELFARE DIRECTOR'S REPORT

Conference 2021 will bring an end to my eight years as a volunteer and representative for our organisation. This has given me reason to ponder the changes I have seen in my various Medical & Welfare roles throughout this time.

The past year undoubtedly has been dominated by finding redeployment opportunities for our members who found themselves out of the air temporarily or permanently. Post March last year saw the coming together of industries that were crying out for labour and it made sense to put our people on their radar. This saw numerous members upskilling in the agricultural heavy transport and health and safety world. There were some real success stories thanks to our joint efforts with the Ministry for Primary Industries and various industry groups similar to ours that identified the benefit in hiring and training people versed with working in



Medical & Welfare Director Andy Pender.

high pressure environments.

I am also proud to have seen the sea change that occurred in treating aviation professionals' mental health challenges. Ten years ago, if an air traffic controller or pilot raised their hand saying they were having a hard time in the throws of anxiety or low mood the path ahead was generally unknown and frightening. With

the advent of the Peer Assistance Network, triggers and challenges that our industry present became openly talked about and those that were struggling were encouraged that it was OK to seek help. A direct result of this was careers and relationships saved, and an ongoing safety net instilled for years to come.

An essential cornerstone in our Medical & Welfare framework has been the HIMS and Professional Standards team. They have continued their valuable work throughout the past year not allowing any of the distractions COVID threw their way to alter their commitment to support members.

I am encouraged to leave the Medical & Welfare Subcommittee with a bolstered committee of engaged representatives from across the majority of our employer groups.

continued on page 14...

Each one of them has at least two years' experience assisting their colleagues with aviation medicine and welfare support. They have been, and will continue to provide, a sound counsel on the obligations of medical certificate holders.

I am pleased to be handing over the Medical & Welfare Director reins to

the able hands of Dave Church, an Air New Zealand 787 Captain who has been at the forefront of our COVID response. His work with the Ministry of Health and the membership, working in a new isolation environment, has been outstanding and this dedication to representative work will put him in good stead to

lead this essential NZALPA portfolio into the future.

Thank you to all that have supported me over my time in this role. I wish you all the very best as the industry rebuilds itself.

ANDY PENDER
MEDICAL & WELFARE DIRECTOR

INTERNATIONAL FEDERATION OF AIR LINE PILOTS' ASSOCIATIONS DIRECTOR'S REPORT

If you ever thought critically about the real value in NZALPA being a foundation member of the International Federation of Air Line Pilots' Associations (IFALPA), think no more.

Since the global aviation industry suddenly had to face the reality of a COVID-19 pandemic which, in 2020, resulted in an overall reduction of 50% of seats offered by airlines, 2,690 million passengers and a USD\$370 billion loss of gross passenger operating revenue, IFALPA has 'rolled up its sleeves' to assist all member associations and their pilots – putting its efforts and resources to the best possible effect.

From the initial outbreak in early 2020, IFALPA, as the 'Global Voice of Pilots', has been at the forefront of the aviation response in advocating for professional pilots. It has done this by publishing relevant position papers, safety bulletins and briefing leaflets – especially relating to COVID-19 – such as Medical and Licence Validity, COVID Guidance for crews, Room lockdowns, Guidelines on Crew Testing and Vaccinations. It has also answered the calls from Member Associations with Mutual Support requests and sent letters to many Member Associations, governments, regulators and employers offering the expertise of both IFALPA's technical and industrial subject matter experts (SMEs). Where required, it has also demanded transparency, cooperation with member pilot associations, and conformity to the law. On top of all this, IFALPA has issued numerous press releases to keep the media and public aware of the concerns,



IFALPA Director Tim Robinson.

priorities and hard work being carried out by our thousands of pilot volunteers around the world – in the interests of their colleagues and the piloting profession.

Pilot membership in IFALPA for 2021 has dropped by 22% compared to 2020 and this reflects the general global average for COVID-related pilot redundancies and furlough. This is one of the bitterest pills to swallow as a consequence of the pandemic – given that one of our top focuses is mutual support and looking after our members' welfare. We must strive to bring these colleagues back to work as soon as possible. I know IFALPA is doing all it can to make this a reality.

In 2020, IFALPA set up the COVID-19 IFALPA Response Team, under the oversight of Captain Brian Shury. His team gathered immediately to start its work and provide an IFALPA point of contact, think tank, coordination cell of the crisis and support management – with a mandate to analyse situations, gather information, reach

out to all Member Associations and assess their most urgent needs.

IFALPA also launched a program of tailored 'IFALPA Consults', by IFALPA SMEs, to address the unique needs of some Member Associations who required special help or had specific COVID-related needs to be addressed.

IFALPA provided input into the ICAO Council Aviation Recovery Taskforce (CART). CART was helpful in providing practical guidance to governments and industry operators to restart the international air transport sector and recover from the global impacts of COVID-19 in a coordinated way.

NZALPA has contributed significantly to this IFALPA work throughout 2020-21. David Griffin is our current Regional Vice President South Pacific; Dean Fotti is a member of the COVID-19 IFALPA Response Team and Vice-Chairman of the Professional and Government Affairs Committee and, as Technical Director Hugh Faris explains, we have been well represented on all the other IFALPA Technical committees throughout the year.

This NZALPA Conference is my final one as a Principal Officer – having completed two terms as Industrial Director, one term as Vice-President, three terms as IFALPA Director and two terms as President. As I was reflecting back on this time I read the recent annual report from the current IFALPA President, Captain Jack Netskar. Jack was describing the strategic aims of IFALPA and how they should be thought upon by the different 'minds of aviation players' as tied to a specific value.

continued on page 15 ...

It reads like this. For –

- **Professional pilots** – ‘IFALPA improves my working life.’
- **Staff and volunteers** – ‘IFALPA is a great place to work’
- **The flying Public** – ‘To me IFALPA spells flight safety’
- **Allied stakeholders** – ‘IFALPA makes us stronger’
- **Adversary stakeholders** – ‘Better keep IFALPA close’
- **Lawmakers/regulators** – ‘I want IFALPA input to improve my decision-making’
- **Aviation employers and decisionmakers** – ‘Let us talk’

In my view, this is also an admirable strategic ‘blueprint’ for NZALPA to strive for. If we replaced IFALPA with NZALPA in all the above aims we would form a strategic framework for the medium term. Already NZALPA reflects some of these specific values in the minds of industry stakeholders we work alongside.

In my own reflection I would add that NZALPA already possesses key traits and strengths that assist us in achieving the above aims.

NZALPA is:

- **Member led** – NZALPA is genuinely run by passionate

We care deeply about flight safety and the pilot and air traffic controller professions. Our members respect this comprehensive industry approach and I believe this is what really distinguishes us from other union groups.

member volunteers who care about their colleagues and the organisation they represent. In my experience, our volunteers put the members first and represent them to the best of their ability.

- **Membership numbers** – NZALPA has positioned itself so as to be the dominant professional pilot and air traffic control union in New Zealand. We have strength in numbers and therefore strength in bargaining, advocacy and influence. It is important that we maintain this advantage and use it prudently and wisely.
- **Successful relationships** – NZALPA has worked hard to forge strong working relationships with Government, the regulator, employers, the media and the New Zealand public. We must continue to develop these relationships and build on them. Having external media and lobbying

support, currently supplied by Convergence, has assisted us to open doors and provide the vital follow-up and continuity within these relationships.

- **A ‘Full-service’ Union** – we are a comprehensive union/association that represents our members’ interests across all relevant industrial, medical/welfare and technical matters. We care deeply about flight safety and the pilot and air traffic controller professions. Our members respect this comprehensive industry approach and I believe this is what really distinguishes us from other union groups.
- **The ‘Voice of Aviation’** – NZALPA has not been afraid to be a consistent, vocal voice for our members – whenever an issue has required us to be. The media know we are the ‘go-to’ organisation when wanting comment on just about any aviation related matter. The travelling public want to hear from us, and most other industry stakeholders generally sit up when we express our concerns in a public forum.

Thank-you to all those who have supported me over my time as a representative and Principal Officer at NZALPA. Thanks to all my fellow POs and the staff at NZALPA. I have really enjoyed working with you over the last 16 years.

Finally thank-you to my wife Brenda and family who have supported me and allowed me to carry out the volunteer work I have. Without having family support NZALPA would struggle to function.

Kind regards

TIM ROBINSON
IFALPA Director



INTERNATIONAL FEDERATION OF AIR LINE PILOTS' ASSOCIATIONS (IFALPA) REGIONAL VICE-PRESIDENT SOUTH PACIFIC'S REPORT

It goes without saying that COVID has caused much disruption over the last year. The same can be said for IFALPA, its finances, activities and those of its representatives. Like NZALPA, IFALPA reacted quickly and adjusted its budget based on expected falls in income. Measures included laying off staff and adjusting nearly all meetings to be placed online. I understand this has been a successful adjustment.

Our IFALPA Annual Conference was held online both last year and this. While it can in no way replace the advantage of an in-person conference, the business of the Association, elections, budgets etc have been taken care of. It is hoped an in-person conference will take place next year, in Singapore.

Many of the meetings IFALPA elected representatives attend are International Civil Aviation Organisation (ICAO) events. Many meetings were cancelled last year and then, later in the year, conducted online. I represented IFALPA at the Wildlife Hazard meeting. In the near future, I expect to attend the following:

- ICAO Airport Collaborative Decision Making
- LTAG-GLADS (Global Aviation Dialogues on the feasibility of a Long-Term Aspirational Goal for international aviation CO2 emissions reductions)
- ASIA/PACIFIC Regional Cybersecurity Webinar and AOP/SG/5 (fifth meeting of the Aerodrome Operational Planning Sub-Group)

Since the beginning of the COVID crisis, the IFALPA Asia Pacific Executive Vice-President and the Regional



IFALPA Regional Vice-President South Pacific David Griffin.

Vice-Presidents arranged several meetings and surveys to share Member Association experiences, to understand the impact of COVID on our members and to determine where assistance could be offered. These were really well attended, with excellent engagement from most Member Associations.

At more recent IFALPA Asia-Pacific meetings, I have also represented NZALPA as the only attendee from our Association.

IFALPA created a COVID-19 IFALPA Response Team as a quick reaction team from the Professional Government Affairs Committee, including our own Dean Fotti. Its purpose is to offer expert advice to Member Associations less well-resourced or facing unique challenges. Locally we were able to set up such a meeting for Fiji ALPA at very short notice – just before they attended a meeting with management at which layoffs and a major pay cut was to be discussed. They greatly appreciated this support.

I have also attended online meetings of the IFALPA Executive,

HUPER (Human Performance), AGE (Aerodrome and Ground Environment) and PGA (Professional and Government Affairs) committees.

IFALPA Asia Pacific meetings have tended to be rather long. In future, it is planned that each sub-region – in our case South Pacific (New Zealand, Australia, Fiji and Papua New Guinea) will get together for a meeting before the major regional meeting, to share our Member Association updates and to discuss issues of interest to each other. Regional Vice Presidents will then provide a summary at the Regional Meeting.

We would like to widen these local regional meetings to more than just IFALPA Directors – to include Technical and Medical and Welfare team members – to help build relationships and knowledge of our neighbours' operations and also to help build capability within the Member Associations of Fiji and Papua New Guinea. This is very much a new project which IFALPA would value NZALPA's input and participation in. I have spoken to our IFALPA, Medical and Welfare and Technical Directors – expect to hear more on this shortly.

I would, again, like to thank the Air New Zealand members of NZALPA for their support from the Leave Bank. In the last six months I have recorded 33 hours on IFALPA business, more than half associated with March's IFALPA Conference and Asia Pacific Regional Meetings. All of the work I have done in the last year has been at home via Zoom, Telegram, Whats App, email and phone. Most of my liaison with NZALPA has been with the IFALPA Director and the Technical Committee.

Finally, thanks to NZALPA for your continued support.

If I can provide further information or add greater value to NZALPA's participation in IFALPA please contact me.

Regards,

DAVID GRIFFIN
IFALPA Regional Vice-President South Pacific



GROUP LIFE INSURANCE PLAN REPORT

NZALPA has maintained a Group Life Insurance (GLI) Plan for the benefit of its members, their spouses and NZALPA staff since 1979. The cover was placed with Sovereign Insurance (now rebranded AIA) and has been for more than 20 years.

NZALPA holds and manages the policy on behalf of the Group Life Trustees. The current Group Life Trustees are: Chair Glen Kenny, Patrick Casey and Matthew Buddle.

Gallagher Bassett New Zealand administers the GLI premiums.

Access to the GLI policy means that, in the event of a member's death, dependants and loved ones are looked after. Surprising to some, this cover can also pay out a living assurance (trauma cover) for illnesses that have a long-term impact on the member's career. The 'Best Doctors' benefit is another add-on that is exceptionally well priced and ensures that members and their families have access to world-leading advice. The Best Doctors' benefit is invaluable if you have a complex medical suspension issue.

COVID-19 Pandemic

The GLI Trustees acknowledge the ongoing financial hardship that many of the members of the scheme find themselves in during the COVID-19 Pandemic. As a result, we have seen

members exit the scheme either because of leaving the industry or due to personal budgetary circumstances. The statistics reflect this decline in membership.

Trust Deed Review

The new Trusts Act, which came into force January this year, prompted a review of our current deed to confirm that the deed was both compliant with the new legislation and still fit for purpose. That work has resulted in the creation of a new trust deed for the scheme. Also, because of that review, we received advice that it would be preferable to enshrine both the GLI and GDI Trust Deeds into a corporate trustee structure. The work on this new structure is underway and is expected to be up and running by this year's conference.

Reminders

The GLI Trustees would like to remind members that it is a policy requirement to notify the insurer if you have a medical suspension issue lasting longer than 24 months. Also, if you are resigning from NZALPA membership and wanting to take up a continuation option from AIA, you must apply within 60 days of resigning, and exercise the continuation option before your 65th birthday. The benefit is that your medical history is carried over.

2021 GLI STATISTICS:

1570

Total members in the scheme (1683 in 2020)

Total cover now

\$911M

(\$975m in 2020)

Members with trauma cover

220

(253 in 2020)

Members with best doctors cover

304

(334 in 2020)

I would like to thank my fellow GLI Trustees, NZALPA staff and the team at Gallagher Bassett.

For more information about GLI please contact Andrew Hay on 021 424 102.

GLEN KENNY
Chair of GLI Trustees

NZALPA GROUP DISABILITY INSURANCE

For the past 32 years, the Group Disability Scheme (GDI) has been providing insurance cover for members who have lost their medical certificate due to sickness or injury.

Patrick Casey, Peter Mouat, and Ross Cammell are currently the three NZALPA appointed Trustees.

Over a year ago, the COVID-19 pandemic completely interrupted life and aviation worldwide. The disruption and its effects on our members have required a number of changes to GDI to assist our members.

Many pilot members have been made redundant, or are on reduced work options and those retaining employment have seen reductions in income as their employers reduce flying and rosters. It has also impacted ATC members.

We have been fortunate to have an insurer that is responsive to this situation and we have been able to offer the ability for:

- Members to make a temporary change of cover for reduced income. Members are able to

elect to reduce their cover by 30% in the knowledge that they can reinstate this in the future (12 months) without underwriting approval;

- Members are able to take an insurance temporary break for six months;
- Members who are made redundant can retain their insurance while they resolve their employment search.

continued on page 18...

Despite these efforts, there is a reduction in membership and premium income for the scheme, as the scheme statistics now show:

Member Count:



GDI is currently paying benefits to three members, and three members have lost their medical certificates, and are on Qualifying Period before benefits are to be paid.

The good news is there is a profit share to be distributed from the scheme performance in 2014, and the Trustees are working through the process of doing this for the October billing.

Member insurance information is detailed on NZALPA's website (www.nzalpa.org.nz) in the members area, showing the contacts for claims, and also links to the NZALPA Insurances portal, at Gallagher Bassett. There you can find and download the claims form and find other information.

We would like to record our thanks to Pamela Hutton, a longstanding NZALPA staff member who retired recently. Pamela was always a wonderful support and source of information for members with medical issues.

It is also very important to advise the NZALPA Office and the insurer immediately after you have regained your medical certificate.

Payment of premiums continues to be an issue. Changes in email address and contact details that have not been sent through contribute to invoices not getting to members. Also, some members appear to assign a low priority to payment of these accounts. Members need to appreciate that their continued cover requires payment of premiums!

There has been an increase in premium rates due to worldwide insurance issues.

Behind the scenes, work has been progressing with the Group Life Insurance (GLI) Trustees to streamline and modernise the NZALPA Insurance GDI and GLI Trust Structure. We are hopeful that this initiative will benefit members in the future. Significant progress has been made and is likely to be completed for the ALPA Conference 2021. I would like to thank Glen Kenny and Pat Casey for their great work here.

We are very fortunate to continue to have an excellent relationship with the insurer, AXA XL, through our broker, APEX, and appreciate their assistance and support.

In conclusion, I wish to thank Peter Mouat and Herwin Bongers for their exceptional contribution as Trustees of the GDI. Over the years, I have been fortunate to have worked with many capable people as Trustees and staff at NZALPA, and I wish to record my appreciation for their dedication and sage input for the benefit of all the membership. I have taken retirement and wish you all the best for a safe and healthy future in an aviation industry that we hope will recover soon!

ROSS CAMMELL
Chairman GDI Insurance Trustees



CONTINGENCY FUND TRUST ANNUAL REPORT

Directors

- Benjamin Rothwell (ATC)
- Kevin Henderson (Retired)
- Peter Day (Air NZ)
- Mark Rammell – Chair (Retired)

This year's report needs to begin by recognising the fight for life of our Director and Life Member of the NZALPA, Captain Kevin Henderson. Since retiring, Kevin has been gravely ill and struggling to overcome at times an almost insurmountable blood disorder. It gives us great pleasure to report that Kevin – not surprisingly – was always determined to take this fight on and as we report is seeing great benefit from specialist medication. Throughout this difficult time Kevin has always remained interested in CFT and NZALPA issues. Understandably, Kevin has decided not to stand for re-election this year. We thank and recognise Kevin's contribution and wish him the very best as he continues to face further challenges with his health.

As we write this Annual Report to the NZALPA and member beneficiaries of the Fund, the world continues to suffer the impact of COVID-19. The Directors advise that while the Fund has been significantly affected financially, we have traded a positive cashflow return for the financial year.

We have returned to principal and interest payments on approximately 40% of our mortgage. The remainder is on an interest-only basis as we continue to support our largest tenant, Haka.

Haka Tours remains committed to its core business of providing up market tourist backpacker experiences across New Zealand, with a growing emphasis on eco-tourism. Options for Haka include holding out till better times – traditionally 40% of their business emanated from Australia – or accepting one of two expressions of interest in a joint venture from an international venture capital financier and a well-established global tourism operator. We secured Haka Lodge as a long-term investment based on its location close to the Auckland



CDB and on its very successful tourism operator with a possible 42 year lease. The Directors remain committed to supporting this tenant.

Our Strategy

We have previously advised of the Funds' exit from investments in equities and bonds and to focus on commercial real estate.

The Directors remain committed to this investment strategy at this time.

Our goal remains to grow the Fund in order that it can be proactive, as opposed to reactive, in terms of assisting and benefiting beneficiaries.

CFT Property Portfolio

3 Airpark Drive (ALPA House) – Built 2005

The Te Kawerau Iwi Tribal Authority lease was renewed in 2018 at market rates for a two-year term with CPI + 2% annual reviews. The current lease is \$43,554.

The NZALPA lease was renewed in 2018 for a further six years with the area of lease being extended to include the northern downstairs. Again, reviews are on an annual basis at CPI + 2% with a market rental review in 2021. The current lease is \$182,000.

3 Airpark Drive return on investment is 6%.

3a Airpark Drive – Purchased 2019

This property enjoys the same title as No.3 Airpark Drive, ALPA House. When the CFT originally purchased No.3, the developer negotiated to achieve a higher than normally allowed coverage on the adjacent 3a site. He was able to do this through enabling a greater area of our site to be "green" thereby achieving the Council District Plan requirements for the entire site to be met. Essentially this enabled the developer to achieve a larger lettable area than would normally be possible.

This property was secured at a discounted price of \$4,350,000 given the road front building was at the time untenanted. The pre-purchase valuation indicated a \$300,000 benefit once tenanted and this was realised when Aquafortus took a lease providing a circa 6% return on investment. The then valuations of No.3 and 3a Airpark Dr were \$7,300,000 and our debt/equity ratio was 34%.

Aquafortus – Leased until July 2022 with two three-year rights of renewal. Market rental reviews occur every two years. The current lease is \$200,000.

F45 Gymnasium – Leased until June 2023 with two five-year rights of renewal. Market rental reviews with intervening years at CPI or 5%,

continued on page 20 ...

whichever is the higher. The current lease is \$60,000 – with approximately \$10,000 of rental relief over last 12 months due to COVID-19.

373 Karangahaki Road – Purchased 2019

Haka Lodge – The current lease runs until May 2031, with one 12-year and three six-year rights of renewal. Market rental reviews occur every six years, with a 3% increase every two years other than a market review year. The lease as signed is \$300,000 – lease income for the last 12 months was \$135,000. Return on investment of 6% on original valuation/lease – currently indeterminable, but likely any sale value could be 50% of the original purchase price if a forced sale occurred, or 3% return if original valuation held up.

Mortgages for all properties are \$6,968,651, with an interest rate of 3.57%.

The Directors saw the investments in No.3a Airpark Drive and 373 Karangahaki Road as very positive steps towards growing the Fund. The due diligence – valuations, finance, legal discovery, building inspections and structural assessments – indicated that these were sound investments to make.

CFT Directors

This year there are three Directorships available. Nominations have been received for two.



The Trust Deed requires a minimum of three and maximum of five Directors. We currently have four.

Beneficiaries

We currently support two NZALPA members through loan agreements. Over the last twenty four months, four beneficiaries have repaid their loans.

The Fund is a means of last resort for all beneficiaries. Applications for financial assistance are passed to a third party advisor who works with the applicant to ensure that all options are explored before providing any funding. Most often funding is provided as an interest-bearing loan at rates higher than those available at the bank. The current interest rate, which ensures that the 'last resort' criteria is met, is 7%. The advisor continues to work with beneficiaries to enable their return to "normal" forms of borrowing in as timely a manner as possible. In extenuating circumstances, we provide an interest-only loan or grant.

The Fund currently has loans to members totalling \$308,489 which range individually from \$80,000 to \$229,000.

The Directors will continue to receive applications for financial assistance from beneficiaries which will be assessed on an individual basis, taking into account the current financial position of the Fund. It is unlikely, if not improbable, that our banker will provide any further borrowings against our property portfolio until we can demonstrate that we have all properties securely let with consistent lease payments at market rates. This will inevitably impact the level of any support available.

The Directors thank the NZALPA – in particular Leo Liu for all things accounting – for its support over the last twelve months.

**MARK RAMMELL
KEVIN HENDERSON
BEN ROTHWELL
PETER DAY
DIRECTORS OF THE
CONTINGENCY FUND TRUST**

NZALPA BOARD OF MANAGEMENT REGISTER OF INTERESTS

Tim Robinson	Statutory duty as Officer of the Court, by holding position of enrolled Barrister and Solicitor of the High Court of NZ
Andy Pender	Director and shareholder of Mahogany Enterprises Ltd (formerly trading as Peer Assistance Network Services; and formerly named PANNZ Ltd) Registered financial services provider, director and shareholder of The Advice Limited (an insurance broking service)
Janet Taylor	Former director and shareholder of PANNZ Ltd
James Jarvis	Statutory duty as Officer of the Court, by holding position of admitted Barrister and Solicitor of the High Court of NZ
Mike Maguire	Air NZ Leave Bank administrator



FINANCIALS

NEW ZEALAND AIR LINE PILOTS' ASSOCIATION

Financial Statements for the year ended 31 March 2021

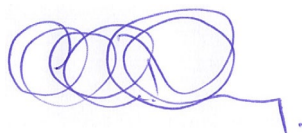
TABLE OF CONTENTS

Statement of Financial Position	23
Statement of Comprehensive Income	24
Statement of Changes in Equity	25
Statement of Accounting Policies	26
Notes to the Financial Statements	29
Audit Report	33

NEW ZEALAND AIR LINE PILOTS' ASSOCIATION
Statement of Financial Position
as at 31 March 2021

	Note	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	1,678,534	1,804,108
Investments	9	1,550,594	1,127,324
Trade and other receivables	10	22,363	33,333
Total current assets		3,251,491	2,964,765
Non-current assets			
Property, plant and equipment	6	131,569	208,577
Other investments	7	233	116
Total non-current assets		131,801	208,693
Total assets		3,383,292	3,173,458
EQUITY			
Accumulated funds		2,972,597	2,606,272
Building maintenance fund		15,225	15,225
Total equity		2,987,822	2,621,497
LIABILITIES			
Current liabilities			
Trade and other payables	11	261,104	405,411
Members' funds	13	61,708	30,021
Employee benefits	12	70,134	115,477
Taxation payable	5	2,524	1,052
Total current liabilities		395,470	551,960
Total equity and liabilities		3,383,292	3,173,458

On behalf of the Board



President

20 May 2021
Date



Vice President

20 May 2021
Date

The accompanying notes form part of, and should be read in conjunction with, these Financial statements



NEW ZEALAND AIR LINE PILOTS' ASSOCIATION
Statement of Comprehensive Income
for the year ended 31 March 2021

	Note	2021 \$	2020 \$
Subscriptions		2,686,853	3,872,148
Other income	2	177,906	5,200
Total income		2,864,758	3,877,349
Governance		67,004	228,460
Industrial		123,799	383,845
Technical safety and security		3,339	35,216
Membership welfare and benefits		74,277	133,223
International activities/commitments		53,818	126,282
ATC activities		20,428	117,991
Finance and administration	3	2,180,934	2,291,296
Total expenses		2,523,598	3,316,314
Surplus before finance expenses		341,161	561,035
Finance income	4	38,138	52,110
Net finance surplus		38,138	52,110
Surplus before income tax		379,299	613,145
Income tax expense	5	12,974	15,444
Surplus after income tax		366,325	597,701
Total comprehensive income for the year		366,325	597,701

The accompanying notes form part of, and should be read in conjunction with, these Financial statements



NEW ZEALAND AIR LINE PILOTS' ASSOCIATION

Statement of Changes in Equity for the year ended 31 March 2021

	Accumulated funds \$	Building maintenance fund \$	Total \$
2021			
Opening balance - 1 April 2020	2,606,272	15,225	2,621,497
Surplus for the year	366,325	-	366,325
Closing balance - 31 March 2021	2,972,597	15,225	2,987,822
2020			
Opening balance - 1 April 2019	2,008,571	15,225	2,023,796
Surplus for the year	597,701	-	597,701
Closing balance - 31 March 2020	2,606,272	15,225	2,621,497

The accompanying notes form part of, and should be read in conjunction with, these Financial statements



NEW ZEALAND AIR LINE PILOTS' ASSOCIATION

Statement of Accounting Policies for the year ended 31 March 2021

SIGNIFICANT ACCOUNTING POLICIES

General information

New Zealand Air Line Pilots' Association (the Association) is an association domiciled in New Zealand.

The Association is a union of New Zealand Air Line Pilots and Air Traffic Controllers.

The Association's registered office and principal place of business is: 3 Airpark Drive, Mangere, Auckland,

These special purpose financial statements of the Association are for the year ended 31 March 2021.

Statement of compliance and basis of preparation

These special purpose financial statements comprise Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Accounting Policies; as well as the Notes to these statements.

These special purpose financial statements are a special purpose report that have been prepared to meet the requirements of the Rules of the Association and internal management purposes.

These special purpose financial statements are presented in New Zealand Dollars (NZD).

The accounting policies adopted are not in conformity with generally accepted accounting practice.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

Changes in accounting policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes the original purchase price plus any subsequent costs where it is probable that future economic benefits will accrue. All repairs and maintenance costs are charged to the Statement of Comprehensive Income.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation

Depreciation is charged at the same rates as are allowed by the Income Tax Act 1994. Depreciation is

Furniture and Fittings	9% - 30%	DV
IT Equipment	13% - 67%	DV
Building Fitouts	20% - 48%	DV

The residual value of assets is reassessed annually.



NEW ZEALAND AIR LINE PILOTS' ASSOCIATION

Statement of Accounting Policies for the year ended 31 March 2021

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Association becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Association's contractual rights to the cash flows from the financial assets expire or if the Association transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Investments

Bank term deposits for periods exceeding 90 days are classified as investments and are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

Trade and other receivables

Trade and other receivables are measured at cost reduced by appropriate allowances for estimated recoverable amounts. Bad debts are written off when identified.

Trade and other payables

Trade and other payables are measured at cost.

Impairment

The carrying amounts of the Association's assets are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised at the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

Estimated recoverable amount of investments and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

Estimated recoverable amounts of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Previously recognised impairment losses on assets may be reversed if there is a positive change in the estimate of the recoverable amount, but only to the extent of the prior cumulative impairment losses.



NEW ZEALAND AIR LINE PILOTS' ASSOCIATION

Statement of Accounting Policies for the year ended 31 March 2021

Members' funds

Members' funds are processed on a cash basis. As such there may be premiums receivable from members and payable to insurance agencies which are not reflected on the Statement of Financial Position.

Employee benefits

Annual Leave

A liability for annual leave is recognised at each reporting date. The liability falling due more than 12 months after reporting date is discounted to present value.

Provisions

A provision is recognised when the Association has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the future cash flows. Where discounting is used, the increase in the provision for the passage of time is recognised as a finance cost.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Association's activities. Revenue is shown net of Goods and Services tax, returns, rebates and discounts.

The Association recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Association and when specific criteria have been met for each of the Association's activities, as described below.

Revenue received from subscriptions and registrations are recognised over the period of subscription on a straight line basis.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Finance income

Finance income comprises interest income. Interest income is recognised using the effective interest method.

Income tax

The income tax expense recognised in the Statement of Comprehensive Income is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior periods.

Goods and services tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.



NEW ZEALAND AIR LINE PILOTS' ASSOCIATION
Notes to the Financial Statements
for the year ended 31 March 2021

2 Other income	2021	2020
Government Wage Subsidies	167,539	-
Other income	10,367	5,200
	<u>177,906</u>	<u>5,200</u>
3. Finance and Administration	2021	2020
Audit fees	15,305	14,810
Tax fees	3,500	10,000
Lease costs	181,905	178,660
Depreciation	81,808	91,600
Employee benefits expense	1,565,392	1,417,375
Other	333,023	578,851
	<u>2,180,934</u>	<u>2,291,296</u>
4. Net finance income and expenses	2021	2020
Interest income	37,298	51,346
Investment income	840	764
Total finance income	<u>38,138</u>	<u>52,110</u>
Finance expenses	-	-
Total finance expenses	<u>-</u>	<u>-</u>
5. Taxation	2021	2020
Reconciliation of effective tax rate		
Surplus/(Deficit) before tax	379,299	613,145
Non-assessable surplus/(deficit): derived from the circle of membership	(330,556)	(555,741)
Deduction allowed for non-profit organisations (s DV 8)	(1,000)	(1,000)
Taxable income	<u>47,743</u>	<u>56,404</u>
Taxation expense at 28%	13,368	15,793
Prior year under / over provision	-	-
Imputation credits	(126)	(296)
Dividend withholding tax	(268)	(53)
Income tax expense	<u>12,974</u>	<u>15,444</u>
Current tax		
Opening balance	1,052	(1,621)
Prior year under / (over provision)	-	-
Current income tax expense	13,368	15,793
Terminal tax refunded / (paid)	(1,052)	1,621
Resident withholding tax paid	(10,450)	(14,392)
Imputation credits	(126)	(296)
Dividend withholding tax	(268)	(53)
Closing balance	<u>2,524</u>	<u>1,052</u>



6. Property, Plant and Equipment

	Cost	Current year depreciation	Accumulated depreciation	Carrying value
2021				
Furniture and fittings	85,169	(16,036)	(58,985)	26,184
IT equipment	287,125	(29,672)	(197,238)	89,888
Building fitouts	112,859	(36,100)	(97,363)	15,497
	<u>485,154</u>	<u>(81,808)</u>	<u>(353,585)</u>	<u>131,569</u>
2020				
Furniture and fittings	92,762	(17,695)	(50,542)	42,220
IT equipment	287,125	(41,156)	(161,137)	125,988
Building fitouts	198,678	(32,749)	(158,309)	40,369
	<u>578,565</u>	<u>(91,600)</u>	<u>(369,988)</u>	<u>208,577</u>

7. Other Investments

Non-current investments

Shares - Air New Zealand

	2021	2020
	233	116
	<u>233</u>	<u>116</u>

8. Cash and Cash equivalents

	2021	2020
Bank balances	1,678,534	1,804,108
	<u>1,678,534</u>	<u>1,804,108</u>

The Association has arranged a legal right of set-off between its trading accounts, call deposit accounts and its bank overdraft. Accordingly these balances have been netted in the Statement of Financial Position.

9. Investments

	2021	2020
Short-term Bank Deposits	1,550,594	1,127,324
	<u>1,550,594</u>	<u>1,127,324</u>

10. Trade and other receivables

Current

Trade and other receivables due from related parties (Note 16)	10,000	5,000
Trade receivables - other	5,933	21,927
Prepayments and other receivables	6,430	6,406
	<u>22,363</u>	<u>33,333</u>

Trade receivables are shown net of impairment losses in amount of \$nil (2020: \$nil).

11. Trade and other payables

	2021	2020
Trade payables	44,338	57,127
Non-trade payables and accrued expenses	154,569	263,088
Trade and other payables to related parties (Note 16)	11,373	17,672
GST liability	50,824	67,524
	<u>261,104</u>	<u>405,411</u>



12. Employee benefits

Liability for annual leave and days in lieu

2021	2020
70,134	115,477
<u>70,134</u>	<u>115,477</u>

13. Members' funds**(A) HIMS**

Opening balance

3,102

3,972

Income

Interest received

1

4

Contribution received

-

-

14**Outgoings**

Expenses

(249)

(874)

(249)(874)**Closing balance****2,854****3,102****(B) P6 funds**

Opening balance

25,400

25,381

Income

Interest received

10

18

Contribution received

-

-

1018**Outgoings**

Expenses

-

-

Closing balance**25,410****25,400****(C) PAN**

Opening balance

(1,523)

11,979

Income

Interest received

13

30

Contribution received

31,200

58,887

31,21358,917**Outgoings**

Expenses

(20,809)

(72,420)

(20,809)(72,420)**Closing balance****8,881****(1,523)****Other members' funds - member assistance**

Opening balance

3,042

2,215

Income

Contribution received

21,602

827

Outgoings

Expenses

-

-

Other outgoings

80

-

Closing balance**24,564****3,042****Total members' funds****61,708****30,021****14. Capital commitments**

There are \$nil capital commitments as at 31 March 2021. (2020: \$nil)

15. Contingencies

Litigation that is currently being undertaken may result in costs amounting to an estimated \$285,000 (2020: \$310,000). Up to \$228,000 (2020: \$236,000) of these costs may be recovered.



16. Related parties

Identity of related parties

The Association has the following transactions and balances for the year with the related party - NZALPA Contingency Fund Trust (CFT).

All transactions with related parties are priced on an arm's length basis.

	2021	2020
Income		
Administration fee	5,000	5,000
Sponsorship received from CFT	5,000	-
Reimbursement of expenses - Charged by NZALPA to CFT	-	18,842
Death benefits payment reimbursement to NZALPA	-	24,000
Expenditure		
Rent	181,905	178,660
Share of outgoings (Airpark Drive)	42,477	52,116
Reimbursement of expenses - Charged by CFT to NZALPA	-	4,425
Year-end balances arising from transactions with NZALPA Contingency Fund Trust		
	2021	2020
Included in trade and other receivables	10,000	5,000
Included in trade and other payables	11,373	17,672

17. Subsequent events

There have been no other significant subsequent events that require adjustment or disclosure.

18. Operating lease commitments

	2021	2020
Current	190,098	194,367
Non-current	466,446	674,370
Total	656,544	868,738

The Association has entered into a new lease with NZALPA Contingency Fund Trust for rental of the premises during the financial year. The effective date of the lease is 1 Oct 2018 for a term of 6 years with 1 right of renewal of a further 3 years.

NZALPA entered into a lease agreement with Fuji Xerox for rental of the DC7C3372 (Copier, Printer and Scanner) was signed during the financial year on 14 Jul 2020. The effective date of the lease is 1 Sep 2020 for a term of 49 Months.

NZALPA entered a service agreement with Voyager for NZALPA's office phone system on 28 Nov 2019. The effective date of the agreement is 30 Nov 2019 for a term of 36 Months.



INDEPENDENT AUDITOR'S REPORT

To the Members of New Zealand Air Line Pilots' Association

Opinion

We have audited the financial statements of New Zealand Air Line Pilots' Association (the "Association") on pages 2 to 11, which comprise the Statement of Financial Position as at 31 March 2021, the Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Association for the year ended 31 March 2021 are prepared, in all material respects, in accordance with the basis of accounting as described in the significant accounting policies in the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm provides taxation services to the Association. The firm has no other relationship with, or interests in, the Association.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to the significant accounting policies in the financial statements, which describes the basis of accounting. The financial statements are prepared to meet the requirements of the Rules of the Association and internal management purposes. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Association and should not be distributed to parties other than the Association and its members. Our opinion is not modified in respect of this matter.

Responsibilities of the Board for the Financial Statements

The Board is responsible on behalf of the Association for the preparation of the financial statements in accordance with the significant accounting policies in the financial statements and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd.

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In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

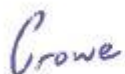
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

Dated at Auckland this 20th day of May 2021

NOTES



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