

New SIASU Collective Agreement with SIA

Since assuming office in May 2015, we commenced negotiations with SIA Management in June 2015. After 20 rounds of negotiation sessions, your Union is pleased to inform that we have reached settlement on the new ***Singapore Airlines Staff Members' Agreement, 2016***. The CA, in our view represents a sustainable package moving forward that balances the needs of the members for an overall better CA package and Management's call for higher productivity.

The SIASU EXCO, in the spirit of transparency, also thought it useful to also provide some background and considerations behind the key changes made in this CA. It is our hope that by providing clarity to the decisions taken by the CA negotiation team, that members would be able to understand the rationale behind some of the changes. The following sets out the points of agreement reached, which will take effect from 1 March 2016.

CABIN CREW ITEMS

1 SALARY RANGES

- 1.1 We have secured a 3% increase to the maximum points of the salary ranges, as shown below. The 3% increase to the maximum will provide headroom for future built-in service increments. The commencing salary for new hire cabin crew has also been increased from \$1,340 to \$1,380.

FS/SS :	\$1,380 - \$2,215
LS/SS :	\$1,750 - \$2,870
CS/SS :	\$2,300 - \$3,675
IFS :	\$2,650 - \$4,260

2 CREW PRODUCTIVITY PAY COMPONENTS

- 2.1 An ongoing concern of both parties was the high differential in variable earnings between crew operating turnaround flights and longer COPs. In this regard, productivity earnings include Incentive Flying Allowance (IFA), Turnaround Allowance (TA), Inflight Meal Allowances (IMA) and Overnight Allowances (ONA), with the latter two favouring longer haul flights. While we had proposed increases to each of these items, Management did not agree as it was not a tenable proposition given that the imbalance between the earning differentials between turnaround and longer haul flights involving nightstops would still not be addressed. Moreover, the rates for IMA and ONA has remained stagnant

for many years and Management has no intention to increase them. Management counter-proposed a different approach to consider repackaging the productivity pay components taking a ground-up approach.

2.2 Following rounds of discussions and back-testing against actual COP simulations, we have repackaged the variable pay components of IMA and ONA into IFA, which pays from first hour of flight and regardless of turnaround or longer haul COPs. Additionally, Management also agreed to increase TA by 30%. The repackaging has effectively narrowed the differential between turnaround and longer haul flights and also contributed to net increases to the variable earnings of crew. Additionally, increases to IFA will also contribute to higher CPF for crew as it attracts CPF, while IMA and ONA do not.

2.3 Incentive Flying Allowance

Grade	Current IFA	New IFA	Current vs New IFA	% Increase
FS/SS*	\$9.50	\$12.80	+\$3.30	35%
LS/SS	\$11.10	\$15.00	+\$3.90	35%
CS/SS	\$13.20	\$17.50	+\$4.30	33%
IFS	\$17.20	\$22.00	+\$4.80	28%

Note: For FS/SS, the increase to \$12.80 will apply to crew who are in service before 1 March 2016. The rate for crew who joins the Company on or after 1 March will remain at \$9.50 per hour for a period of 27 months. This will be explained in paragraph 4.

In going deeper into the increases secured for IFA due to the repackaging of IMA and ONA, it is useful to highlight that there is an added advantage to crew due to IFA loading of 2.5 and 3 times for flights beyond 14 and 18 hours respectively. This effective IFA factor differs for the different ranks with FS/SS having a higher effective rate than the ranking crew due to the crewing complements. The table below shows the net impact on the IFA for the different ranks.

Grade	Current IFA	New IFA	Current vs New IFA	IFA Factor	Effective IFA Increase	% Increase
FS/SS	\$9.50	\$12.80	+\$3.30	1.40	+\$4.62	49%
LS/SS	\$11.10	\$15.00	+\$3.90	1.36	+\$5.32	48%
CS/SS	\$13.20	\$17.50	+\$4.30	1.32	+\$5.68	43%
IFS	\$17.20	\$22.00	+\$4.80	1.29	+\$6.19	36%

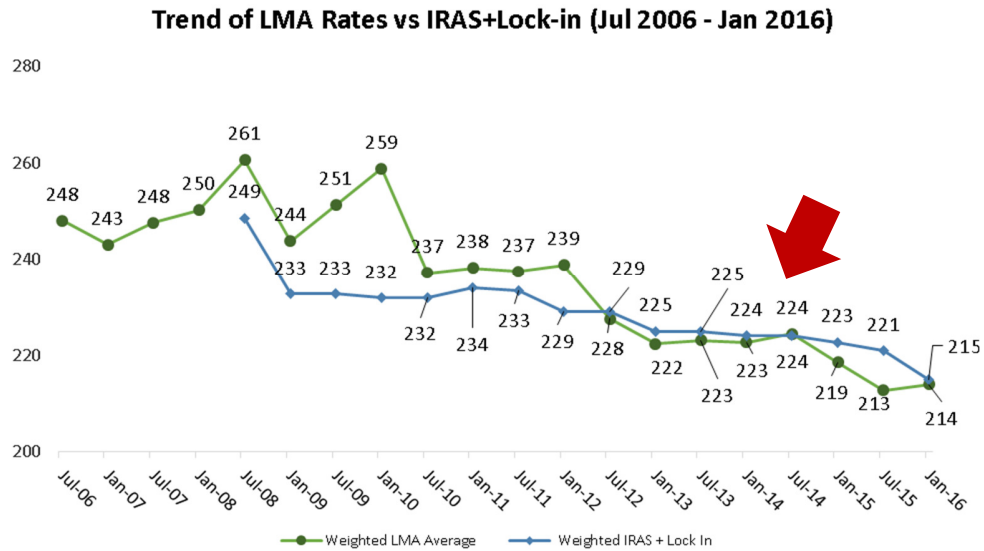
For Japanese and Korean crew, given that they do not have IFA, we have also secured an increase of \$300 (from \$700 to \$1000) into their Personal Differential (PD).

2.4 Turnaround Allowance

Current Rate	New Rate	Current vs New Rate	% Increase
\$70	\$90	+\$20	30%

3 NEW METHODOLOGY FOR LOCATION MEAL ALLOWANCE

3.1 LMA rates have been on a steady decline since 2012 (see graph below), generally due to the strengthening Singapore Dollar. This has resulted in a reduction in our overall pay package and there was a need to redress in. We were also reliant on the outcome of negotiations between ALPA-S and the Company for our LMA rates and delays in these negotiations have impacted us in the past.



3.2 Management understood these predicaments and agreed to a new “Lock-in+IRAS” methodology to compute LMA to provide stability in earnings for crew. We have also convinced Management to increase the weighted average LMA rate from \$214 (based on Jan’16 LMA rates) to \$224 with effect from 1 March 2016. The revised rates will see increases to all major regions as shown in the table below.

Region/ Country	Jul’15 LMA Per Diem Rate	Jan’16 LMA Per Diem Rate	New LMA			New vs Jan’16 Rate
			Lock-in Rate	IRAS Per Diem (2015)	New LMA Per Diem Rate	
Australia/ New Zealand	238	229	118	117	235	6
Orient	283	291	169	111	280	-11
North Americas	204	217	105	120	225	8
Europe	210	211	100	129	229	18
Japan	168	176	15	185	200	24
Middle East	165	167	72	95	167	-
South Americas	134	114	25	90	115	1
South Africa	95	83	31	69	100	17
South Asia	170	175	90	87	177	2
South East Asia	115	117	35	84	119	2
Weighted Average	213	214	-	-	224	Simple Avg - 67

3.3 The above Lock-in rates will be reviewed at the end of the CA to assess if there is any adjustment to be made, using menu cards as a guide.

4 JUNIOR FS/SS SCHEME

4.1 Management raised their concerns over the retention of cabin crew within the first two years of employment. It was demonstrated that there tends to be a spike in attrition after the 2nd year of employment. This also affects operations and in some instances, we had to operate with minus crew and without top-ups.

4.2 Management proposed that instead of increasing the IFA rate for new hire cabin crew from day one, to step up the increase after 27 months (inclusive of 3 months training). By way of background, this concept is not new. Those of you who were around 30 years ago would recall that we had to start off with regional flights for about 2 years before progressing to the longer haul international flights. This correspondingly resulted in a step-up of earnings after the 2nd year. Some airlines continue to practice this.

4.3 Given the above, the IFA rate for new hire cabin crew effective 1 March 2016 will remain at \$9.50 for the first 27 months, before stepping up to \$12.80. Indicatively, new hire cabin crew can look forward to an increase in the total package from \$4,700 to \$5,600 after 27 months. With this, it is hoped that we will have a better retention of crew and smoother operations.

5 GRATUITY FOR CREW ON TENURE

5.1 The gratuity for crew who attain age 61 and above will be as follows:

On Attaining Age (Years)		Lump Sum Gratuity
61	Less than 7 completed months	\$40,000
	7 to 9 completed months	\$30,000
	More than 9 completed months	\$20,000

6 EXTENSION OF EMPLOYMENT

6.1 The Company will, at its discretion, consider extensions of contract to cabin crew at the end of their final contract term on a 2-year basis in the first instance and 1-year basis in the second instance.

6.2 The Company will, at its discretion, consider extensions of employment on yearly basis up to age 60 for Leading Stewards on tenure, upon attaining the age of 58.

7 IMPROVEMENT TO PROMOTIONAL INCREASE AND OTHER ALLOWANCES

7.1 Salary Increase on Promotional and Upgrading

Promotion to	Current Rate	New Rate	Increase
LS/SS	\$130	\$140	+\$10
CS/SS	\$170	\$180	+\$10
IFS	\$180	\$190	+\$10

7.2 Acting Responsibility Allowance

Acting in	Current Rate (per day)	New Rate (per day)	Increase (per day)
LS/SS	\$20	\$40	+\$20
CS/SS	\$30	\$50	+\$20
IFS	\$40	\$60	+\$20

7.3 Compensation for Bags Damaged Beyond Economical Repair

Current Rate	New Rate	Increase
\$200	\$300	+\$100

GROUND STAFF ITEMS

1 SALARY RANGES

- 1.1 We have secured a 3% increase to the maximum points of the salary ranges, as shown below. The 3% increase to the maximum will provide headroom for future built-in service increments. The commencing salary for Grade C or EII ground staff with recognized diplomas has also been increased from \$1,840 to \$2,000. This means that existing ground staff with recognized diplomas whose salaries are below \$2,000 will see an increase of up to \$160 into their basic salaries.

Grade C	:	\$1,750 - \$2,870
Grade D	:	\$2,300 - \$3,675
Grade E	:	\$2,650 - \$4,260
Grade EII	:	\$1,750 - \$2,515
Grade EIII	:	\$2,260 - \$3,720
Grade EIV	:	\$2,670 - \$4,405

2 RATIONALISATION OF SHIFT ALLOWANCES

- 2.1 The meal allowances for ground staff members have been repackaged in the form of adjustments to the monthly and daily shift allowances.

2.2 Increase to Monthly and Daily Shift Allowances

Monthly/ Daily Shift Allowances	Current Rate	New Rate	Increase
Monthly Shift Allowance	\$140 per month	\$150 per month	+\$10 per month
Afternoon Shift Allowance	\$10 per shift	\$20 per shift	+\$10 per shift
Midnight Shift Allowance	\$20 per shift	\$30 per shift	+\$10 per shift

3 IMPROVEMENT TO PROMOTIONAL INCREASE AND OTHER ALLOWANCES

3.1 Salary Increase on Promotional and Upgrading

Promotion to	Current Rate	New Rate	Increase
Grade C	\$130	\$140	+\$10
Grade D or EIII	\$170	\$180	+\$10
Grade E or EIV	\$180	\$190	+\$10

3.2 Acting Responsibility Allowance

Acting in	Current Rate (per month)	New Rate (per month)	Increase (per month)
Grade D	\$170	\$180	+\$10
Grade E	\$180	\$190	+\$10

3.3 Apron Driving Allowance

Staff members who drive and operate	Current Rate (per month)	New Rate (per month)	Increase (per month)
Category I equipment	\$50	\$60	+\$10
Category II equipment	\$55	\$65	+\$10
Category III equipment	\$70	\$80	+\$10

3.4 Flight and Route Planning Functions Allowance

Staff who are required to perform	Current Rate (per month)	New Rate (per month)	Increase (per month)
Flight and Route Planning functions	\$90	\$100	+\$10
Operational flight dispatch duties as Flight Dispatcher or Flight Dispatch Supervisor	\$120	\$130	+\$10

COMMON ITEMS

1 INCENTIVE ATTENDANCE PAYMENT (IAP)

- 1.1 IAP of \$350 is payable at the end of each calendar year if a staff does not take any casual MCs within the year. For each day of MC taken, \$50/\$70 will be deducted ie staff will lose their IAP once they take their 5th – 7th MC.
- 1.2 During the course of the negotiations, Management proposed to buy-out the IAP. While we were initially against the idea given that the IAP has been in our CAs for many years, we however managed to secure a buy-out at a very favourable rate of \$35 per month built into the basic salary of each staff in service as on 1 January 2016. The built-in of \$35 per month translates to an annual amount of **\$455** (based on 13 months and not inclusive of bonuses). For new staff joining the Company after 1 January 2016, there are already commensurate increases to the commencing salaries in the salary ranges, hence no one loses out.

2 ONCE-OFF LUMP SUM PAYMENT FOR UNION MEMBERS

- 2.1 Staff who are Union members in service as at 1 March 2016 and who remain as SIASU members until 31 December 2018 (expiry of the CA) will be eligible for a once-off lump sum payment as per the table below. Any staff member who resigns from the Union before 31 December 2018 will have the applicable amount recovered.

Grade	Once-off Lumpsum Payment
FS/SS	\$300
LS/SS/ C / EI	\$400
CS/SS/ D / EII	\$550
IFS/ E/ EIII	\$700

CONCLUSION

While the Company's performance has shown improvements in the 3rd Quarter results, the business environment remains challenging. Other industries eg banking, manufacturing and oil and gas are also facing challenging times. For us, even though the fuel price has come down, competition has however intensified and the global economic uncertainties had also impacted travel demand. Within this landscape, we felt that we have managed to secure a CA which is fair for the members.