

**IN THE EMPLOYMENT RELATIONS AUTHORITY  
AUCKLAND**

**I TE RATONGA AHUMANA TAIMAHI  
TĀMAKI MAKAURAU ROHE**

[2026] NZERA  
Recommendation 2  
3440084

BETWEEN	AIR NEW ZEALAND LIMITED Applicant
AND	E TŪ INCORPORATED LIMITED First Respondent
	FLIGHT ATTENDANTS' ASSOCIATION OF NEW ZEALAND Second Respondent

Member of Authority: Marija Urlich

Representatives: Andrew Caisley, counsel for the Applicant  
Emily Griffin, counsel for the First Respondent  
Angus Drumm, counsel for the Second Respondent

Investigation Meeting: On the papers

Determination: 7 April 2026

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**RECOMMENDATION OF THE AUTHORITY**

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**Employment Relationship Problem**

[1] By way of facilitation the Authority is assisting Air New Zealand, E tū and the Flight Attendants' Association of New Zealand (FAANZ) in concluding their bargaining for a collective agreement. E tū and FAANZ seek a recommendation from the Authority.<sup>1</sup>

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<sup>1</sup> Employment Relations Act 2000, s 50H.

## **Background**

[2] Air New Zealand operates long-haul international passenger services on its B777 and B787 aircraft and employs wide-body cabin crew represented by E tū and the FAANZ.

[3] Air New Zealand is party to two collective agreements covering these crew, each commencing on 3 June 2022 and expiring on 3 June 2025.

[4] On 2 April 2025, E tū and FAANZ initiated bargaining for renewed collective agreements, and the parties held their first bargaining meeting on 8 April 2025.

[5] The parties have engaged in an extensive bargaining process throughout 2025, meeting for a total of 72 days and utilising external facilitation and MBIE mediation.

[6] Through that bargaining two proposed settlement packages were developed, the October package and the December package. Both were endorsed by union leadership but neither achieved the required 66% ratification threshold.

[7] The parties then attended a further mediation on 14 January 2026.

[8] On 12 and 13 February 2026, both unions undertook strike action involving a complete withdrawal of labour.

[9] Air New Zealand then applied for facilitation, which was granted on 3 February 2026.

[10] Over the last seven weeks, the Authority has met with the parties through private briefings, facilitated bargaining sessions, counsel updates, and further direct work between the parties.

[11] E tū and FAANZ have requested a recommendation because though the parties have reached a provisional agreement on an updated settlement package (the facilitation package) they seek the Authority's views on the following questions:

- (i) Is the facilitation package a genuine improvement on the December package?
- (ii) Is Air New Zealand's financial position such that this is genuinely the best offer that can be made?
- (iii) Whether this offer should be taken to union members for ratification?

**Is the facilitation package a genuine improvement on the December package?**

[12] In my assessment the facilitation package will improve wide-body crew pay and many other terms and conditions. The facilitation package provides for pay increases to wide-body crew of:

- (i) 4.16% at Year 1 for all Flight Attendants;
- (ii) 6.41% at Year 1 for Flight Attendants (Premium Service);
- (iii) 6.93% at Year 1 for all Flight Attendants (Galley Specialist);
- (iv) 5.62% for Year 1 for all Deputy Service Managers; 4.14% for Year 1 for all Inflight Service Managers;
- (v) 3% across all ranks from the commencement of Year 2; and
- (vi) there are also arrangements for what the parties refer to as pre-MUCA crew.

[13] The proposed pay increases in the facilitation package are consistent with other bargaining outcomes within Air New Zealand. In total, approximately 3,546 employees (close to a third of Air New Zealand's workforce) have ratified and accepted settlements in bargaining processes that began in 2025, based on the same overall bargaining approach with the same GWI budgeted wage increases approved by the Board's Performance, Remuneration and Diversity Committee, and any differences between those collective agreements reflecting negotiated value exchanges specific to those workgroups.

[14] In addition to the December package E tū, FAANZ and Air New Zealand have bargained for the following matters over the course of the facilitation:

- (i) Uplift of DSM Salary from 4.14% in Package 2, to 5.62%. which includes the wrapping on of the recency payments;

- (ii) Introduction of the Galley Specialist Loading of \$1,600;
- (iii) Introduction of furlough and employment continuity arrangements;
- (iv) Maintaining current Extended Duty Payments (EDP) with GWI being applied in Year 2 of 3%; and
- (v) Settled matters involving RDOs and the industrial action;
- (vi) Two additional Silver Days Off.

[15] Resulting from the initiative of E tū and FAANZ at facilitation, Air New Zealand has proposed to all unions representing employees across its whole workforce a change to boarding priorities that would recognise total combined service. This seeks to address the ongoing practical impact of COVID downsizing and later rehiring on members' use of staff travel. While this sits outside the collective agreement these changes are unlikely to have materialised without the strong advocacy of E tū and FAANZ.

[16] Given the particular circumstances and context of the parties' bargaining my view is it will not assist the conclusion of these collective agreements if the Authority makes specific recommendations about individual parts of the bargaining which were unable to be resolved between the parties during facilitation or fall outside the bargaining but for which a methodology has jointly been developed by the parties.

**Is Air New Zealand's financial position such that this is genuinely the best offer that can be made?**

[17] During the course of the facilitation matters concerning Air New Zealand's financial position were discussed. 2025 and 2026 have been challenging years for Air New Zealand. On 26 February 2026, Air New Zealand reported a \$59 million trading loss for the first half of the 2026 financial year. It also forecast a slightly greater loss in the second half of the 2026 financial year, suggesting a full year loss of greater than \$120 million. However, shortly thereafter, that guidance was suspended, following the impact on oil prices from the war in Iran.

[18] Air New Zealand has advised the Authority and the unions that in the wake of its financial challenges, now compounded by increased oil prices, and the uncertainty about future prices, it will need to substantially review and re-set its bargaining position

in the wide-body cabin crew bargaining process if the facilitation package is not ratified when it is taken to members for a vote.

[19] A party in bargaining is entitled to re-set its bargaining position.<sup>2</sup> The Authority is satisfied that Air New Zealand's position has materially changed since this bargaining round commenced in April 2025. The Authority also accepts that given the materially poorer financial performance and the materially changed external environment, Air New Zealand may re-set its bargaining position if the facilitation package is not ratified.

[20] Given this, the Authority considers that the facilitation package represents the best offer that Air New Zealand is likely to make in this bargaining round.

### **Whether this offer should be taken to union members for ratification?**

[21] The parties are to be commended on finding a way to achieve pay increases, and enhancements to many other terms and conditions, in a challenging financial environment.

[22] E tū and FAANZ should take the facilitation package to their members for ratification giving particular consideration to the following:

- (i) the facilitation package is the result of a thorough and robust bargaining process during which the parties have conducted themselves with the utmost professionalism and genuine concern to work to concluding collective agreements;
- (ii) building on the work of the October and December packages, the facilitation package reflects sincere work to secure and maintain quality jobs for wide body crew and provides a platform on which to build in future bargaining; and
- (iii) if the facilitation package is not ratified future bargaining may likely be impacted by Air New Zealand's financial circumstances and international circumstances beyond the control of the parties.

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<sup>2</sup> Consistent with any other legal obligations including good faith.

[23] This recommendation is not to be publicly made subject to comment of the parties and further order of the Authority.

Marija Urlich  
Member of the Employment Relations Authority