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## ❖ NOTICE ❖

**TO: ALL QANTAS AND FORSTAFF MEMBERS**

**RE: DIRTY DEEDS (Done Dirt Cheap)**

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Members would now be aware of the Howard Government's decision to green light the private equity takeover of Qantas. While shareholders have the final decision, this week's capitulation means the federal government has effectively washed its hands of the national carrier.

This is bad news for workers, bad news for the travelling public and a decision that puts the interests of big business ahead of the public interest.

The takeover will be subject to the conditions of a 'deed of undertaking' that has been drafted between the Treasurer, Peter Costello, the Minister for Transport and Regional Services, Mark Vaile and the private equity partners, APA.

While the government has held the Deed up as providing protection to the community and the Qantas workforce, our concern is that the holes in the agreement are so wide you could fly an airbus through them.

### **What does this mean?**

For a start, there is no requirement to keep jobs in Australia. It does not even mean a majority of jobs be kept in Australia. All it requires is that there are more jobs in aggregate in Australia, than in any other nation. For example, Qantas could send maintenance work to five Asian nations and, providing it employed an aggregate in Australia greater than any of these nations calculated individually (not as a group) then it would comply with the Deed.

Second, by aggregating staff, there is no requirement to keep any one division of the airline in Australia. It simply stipules that the majority of 'air transport services' including housing of aircraft, catering, flight operations, training, administration and maintenance be retained. That means maintenance could be shipped offshore and be offset by keeping catering in Australia.

Further, the so-called deed does not stop Qantas management from shifting jobs of workers employed under the full-service carrier Qantas to the second-rate budget carrier, JetStar at the expense of workers' salaries and the standards that the Australian travelling public has come to expect from the national carrier. Indeed, it seems to be a core part of the strategy.

There is also no guarantee in the so-called deed of undertaking that as Qantas makes a substantial capital investment in the introduction of new aircraft that outmoded maintenance operations will be upgraded in line with the introduction of the new aircraft.

*"To undertake supervise and certify for the safety of all who fly."*

A legal analysis of the Deed, carried out for the AIPA and provided to the ALAEA, raises other concerns about the enforceability of the document:

- \* Repeat of statutory obligations - the deed does little more than confirm APA will conduct the ownership and decision-making processes of Qantas in accordance with the law.
- \* Enforceable against APA only by Commonwealth - the deed is only enforceable against APA (and the associated trustee company) and in the event the shareholding in Qantas is sold down to the extent that APA no longer holds over 20% interest in Qantas the deed lapses.
- \* Intention to break up the Group - there is no reference at all to not breaking up the airline. (rather than outweigh all those performed overseas taken in aggregate).
- \* Potential to transfer assets to JetStar – the Deed does not prevent Qantas from transferring assets to a subsidiary company or from subsequently selling off the subsidiary company or the subsidiary's business.
- \*. Right to change strategies - APA foreshadows that it may well change its Qantas strategies and, in such case, undertakes to advise the Transport Minister of any such final decision but it is under no obligation to tell the Minister that it is considering a change of strategy. The obligation is only to tell the Minister after the change has occurred.

As I have observed above, more holes than you can fly a jumbo through.

Further, we note with concern that that the Treasurer has sat on our concerns about the pressure being put on maintenance workers which gives us very little faith that the Howard government takes seriously the interests of maintenance workers.

This is an issue that the ALEA has been running for some time, and it is amazing that the Treasurer could approve the private equity sale before addressing these concerns.

**So where to now?**

ALAEA will keep up the public pressure on shareholders top reject the bid

We have also prepared a submission to the Senate Inquiry into the sale, seeking changes to the Qantas Sale Act to ensure that maintenance remains in Australia. I have been asked to make myself available next Tuesday to address the Senate enquiry in Canberra on behalf of ALAEA members.

Members can review our submission to the senate via the ALAEA website or the Australian Parliament Senate submission web pages.

Regardless of who owns Qantas, it is our responsibility to enforce maintenance standards in the airline. That's what the ALAEA will keep doing.



**STEPHEN PURVINAS**  
Federal Secretary