

9th February 2007



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❖ NOTICE ❖

**TO: ALL QANTAS REGIONAL AIRLINES
REPRESENTATIVES – EASTERN, SOUTHERN & SUNSTATE
AIRLINES**

RE: ENTERPRISE AGREEMENT NEGOTIATIONS

Southern & Sunstate developments

The ALAEA negotiating team held further negotiations with the Qantas regional airlines management in Sydney on 8th February 2007. These meetings were to allow negotiations for the new Sunstate and Southern collective agreements.

The negotiating teams worked through draft EBA documents and a number of items in relation to wording of key terms and conditions were settled. However wording on several issues still needs to be finally resolved.

Southern Pay offer

Toward the end of negotiations yesterday, management finally tabled a “Without Prejudice” Pay offer in relation to the Southern agreement.

The key points of the offer were:

- 3 x 3% per annum pay increases for an Agreement that runs to 30 June 2009
- 1st pay increase of 3% backdated to apply from 1 July 2006 and subsequent 3% increases to take effect from July 2007 and July 2008

However the Pay offer is contingent on agreement to several key items detailed below:

- “grandfathering” the existing 10% employer superannuation contribution to existing Southern engineers – all new employees after the new agreement comes into force would be paid 9%
- “grandfathering” the existing level of redundancy severance pay benefits to existing Southern engineers – all new employees after the agreement comes into force would be paid out at a lesser rate in redundancy situations
- the freezing of the overtime meal allowance at \$8.00 for the duration of the agreement

“To undertake supervise and certify for the safety of all who fly.”

- the freezing of the afternoon/night shift allowance payment at \$9.30 for the duration of the agreement

ALAEA negotiators responded by attempting to improve this offer and in particular seeking to ensure that future employees would still have the current level of redundancy severance benefits safety net and that **ALL** pay related allowances should be adjusted during the life of the agreement when pay levels are increased.

However the Company negotiators would not agree to any improvements as at the close of yesterday's negotiations.

Sunstate Pay offer

The "Without Prejudice" Pay offer for Sunstate was 3 X 3% per annum as per the Southern Pay offer details above. However the "grandfathering" provisions in the Southern offer are not applicable to Sunstate. Nevertheless, the offer also remains contingent on the freezing at current levels of the overtime meal and afternoon/night shift allowance payments.

ALAEA negotiators reiterated that both of these payments should be increased in line with pay adjustments during the life of the agreement.

ALAEA membership meetings in Southern & Sunstate

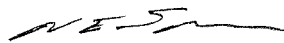
The ALAEA will shortly convene membership meetings for both Southern and Sunstate engineers to fully inform members where negotiations have reached and to seek your comment and feedback on the Company's offer and the Association's next steps in our campaign to achieve new agreements for both airlines. Details of the meetings will be released shortly.

Eastern update

Tamworth - The parties have agreed to a meeting to allow negotiations for the Eastern Tamworth agreement on 27th February 2007 at Tamworth. Whilst this is a welcome development, it is disappointing it has taken so long to get management to agree to this Tamworth meeting.

Sydney – Whilst acknowledging that there have been some local level discussions on the labour utilisation issue, the ALAEA remains frustrated at management's unwillingness to commit to a schedule of dates for Eastern Sydney EBA negotiations. The Association will continue to press the Company to agree to an acceptable timetable to allow for negotiations to achieve a new agreement at Eastern Sydney.

The ALAEA will shortly convene membership meetings at Eastern Sydney to consider effective strategies to try and get genuine negotiations occurring for a new agreement.



NOEL SPEERS
Industrial Officer