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❖ NOTICE ❖

TO: ALL ALAEA MEMBERS

RE: QANTAS PRIVATE EQUITY SALE

Over the Christmas period members would have noted the ongoing debate about the proposed sale of Qantas to a private equity consortium backed by the Macquarie Bank.

Private equity buyouts are the latest fad in global finance – currently Australia media and retail interests, as well as Qantas are being targeted by consortia controlling huge amounts of capital from pension and hedge funds.

A private equity sale has a number of repercussions for the business, most significantly, it no longer trades on the stock exchange. This has pluses and minuses.

On the positive side, it means that the share price is not linked to daily fluctuation, arguably one of the drivers in management making short-term cost-cutting decisions.

But on the down side, the scrutiny of corporate governance is taken away, while private buyers have a history of stripping back companies in asset sell-offs, cutting labour costs and then selling back to the market as a profit.

For a good overview of the concerns around these types of transactions, read this article from Ross Gittens in the Sydney Morning Herald: <http://www.smh.com.au/news/ross-gittens/a-debt-we-might-all-have-to-pay/2006/12/19/1166290545206.html>

ALAEA Response:

The ALAEA is participating with other affiliates of the ACTU in opposing the private equity sale of Qantas.

Of particular concern is the prospect that a new buyer will take advantage of their increased powers under WorkChoices to drive down wages and conditions.

Also of concern is the prospect of off-shoring jobs, in particular maintenance jobs; something current management has previously floated and is still exploring through the back-door.

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

Because Qantas is a former public asset, the government does have a range of legal powers under the Qantas Sale Act to maintain the standards of the airline.

Accordingly, the aim of the ACTU campaign will be two-fold:

- to pressure the Howard Government to reject the sale
- and, if the sale is to proceed, to attach a condition to the sale that jobs are not sent off-shore.

Your executive will be keeping you informed about the conduct of the campaign and the government's response over the coming weeks.

Rest assured, we will be doing all in our powers to protect the job security and conditions of our members.



STEPHEN PURVINAS
Federal Secretary