

Section 22

**From:** Jim Carden [<mailto:jimcarden@qantas.com.au>]

**Sent:** Friday, 12 August 2011 2:21 PM

**To:** Swan, Wayne (MP)

**Subject:** Qantas International

Good afternoon

Please find attached a letter from Qantas' Chief Executive Officer, Mr Alan Joyce, regarding some changes to Qantas' international operations.

If you have any questions please contact me on (02) 9691 4774 or 0413 120 341 or Ms Vicki Bon, Manager Government and Public Affairs on (02) 9691 0037 or 0408 284 435.

Regards

Jim.

**Jim Carden**

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Qantas Airways Limited  
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Managing Director  
and Chief Executive Officer  
Alan Joyce



12 August 2011

The Hon Wayne Swan MP  
Deputy Prime Minister  
Treasurer  
PO Box 6022  
House of Representatives  
Parliament House  
Canberra ACT 2600

Dear Treasurer

I write to provide an update on some changes to Qantas' international operations, and some industrial issues which you may have read about in recent media reports.

Shortly, I will be announcing some changes to our international business. As you know, the global aviation landscape has changed fundamentally, and Qantas is responding by creating a better, stronger, more competitive airline that will deliver benefits to our Australian customers, employees, and stakeholders.

Qantas International is a great airline, but not a great business. The cost base of our international operations is nearly 25 per cent higher than our competitors, representing a significant disadvantage in a tough global market.

As we reported last month, the international segment of the business will lose \$200 million for the 2010/2011 financial year. No business can sustain this level of loss, and Qantas must adapt to ensure the viability of the overall business, deliver a return on our investments and protect the jobs of our 35,000 employees – 90 per cent of whom are based here in Australia.

The changes are critical to ensure Qantas remains one of the world's great airlines.

In recent months, several trade unions have made a number of incorrect statements about Qantas and our plans to turn the international business around.

Qantas has a proud record as an employer of choice, and we're committed to fair negotiations and are prepared to offer reasonable increases in pay and conditions.

But we must all face the realities of the 21<sup>st</sup> century global economy, and in this case, many of the conditions being pursued are not sustainable. To accept them would put the Qantas business – and many thousands of jobs – in jeopardy.

Qantas Airways Limited

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For example, despite claims from the Australian and International Pilots Association (AIPA), every single Qantas-operated domestic and international flight is flown by a Qantas pilot. Nor has Qantas "offshored" Qantas pilot jobs.

The pilots' union want all Qantas Group subsidiaries, including Jetstar and Jetconnect, to in effect provide the same premium pay and conditions as Qantas does. This would lead to job losses, increase the cost of airfares and make the business unsustainable.

There is more information on Qantas industrial issues at [www.qantasanswers.com.au](http://www.qantasanswers.com.au)

We recognise the significant responsibility that comes with being the country's national carrier. We take pride in this responsibility.

We are the only major airline in the world that undertakes heavy maintenance in Australia – in fact more than 90 per cent of all Qantas aircraft maintenance is carried out in Australia.

And even as we set out to build a better, stronger Qantas, there are some things that will never change.

We will always be an Australian company. We will always be Australia's national airline. We will always be committed to the highest standards of safety.

We will always call Australia home.

As we enter a new phase of growth and expansion, I look forward to your continued support.

If there are any issues that you would like to discuss, please call me or Olivia Wirth, Qantas Group Executive Government and Corporate Affairs (02) 9651 3229.

Regards,



ALAN JOYCE