

Thursday, 25 March 2021



@HestonMRO · Airline industry service



Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport

By Email

Dear Senator,

Dire situation – International Aviation workers

The Australian Licenced Aircraft Maintenance Engineers Association (**ALAEA**) and Heston MRO Pty Ltd (**Heston**) jointly write to you concerning the dire situation that Australian international aviation workers face due to the imminent end of JobKeeper.

The ALAEA represents 2000 members employed as highly skilled Licenced Aircraft Maintenance Engineers (**LAMEs**) in international aviation maintenance. Heston employs more than 100 highly skilled Aircraft Engineers performing line, light, and heavy maintenance on aircraft in all major Australian airports.

Heston forms an essential part of the International air traffic infrastructure for airlines flying into Australia. Among the long list of incoming international customers are Singapore Airlines Group, ANA, Qatar, Malaysian, AirAsia Group, Fiji, Sri Lankan, and many others. It is not economical or strategically viable for these airlines to have their aircraft serviced by their competitors. It is similarly uneconomical for these airlines to create their own infrastructure in Australia.

For this work to continue to be undertaken by Australian workers, independent Aircraft Maintenance, Repair and Overhaul organisations (**MROs**) like Heston play an essential role by servicing everyday international flights, pre-COVID, during COVID, and in the eventual recovery once international borders reopen.

Historically, Heston has derived over 80% of its revenue from International air traffic coming into Australia. Since the closure of International borders, Heston's revenues dropped by more than 60%. Heston was fast to adapt, cut costs, and change the business model to focus services on the limited domestic business available. Because of this, Heston survived 2020 in large part due to the JobKeeper program; as well, doing our best to preserve the employment relationship with our staff in the remote hope that once international borders eventually reopen and our customer's flight numbers improve, Heston will be able to recover and employ more Australians in this critical sector of aviation.

There is a distinct mismatch in the timing of JobKeeper ceasing and the economic recovery of the international aviation sector. We understand that domestically, 'utes are back at construction sites'. Unfortunately, this is not the case for international aviation. The sector is currently all but dead. This will change once international borders reopen. How many international aviation workers will still be employed, and how many MROs like Heston will still be in business when that happens?'

There is a real and probable risk of a collapse in this sector if JobKeeper is not extended for businesses and those employed in international aviation. The result, should this eventuate, will be the loss of that sector to overseas workers or a monopoly for those that do survive (presumably Qantas). This will not be good for Australians or international travel.

We understand the Federal Government recently moved to provide Qantas' international workers 'Qantas Keeper'¹. We consider this, in part, to be a recognition of the problems discussed above concerning international aviation. Unfortunately, this leaves those employed in the sector by MROs like Heston, who are arguable more exposed to the impact of international border closures, 'out in the cold' and facing imminent unemployment.

MROs smaller than Heston form part of the international aviation infrastructure that will not survive once JobKeeper ends unless international borders are not immediately opened. There is obviously an extremely slim chance of that happening.

We again reiterate that if these aviation support companies do not survive the next six to nine months, Australia will lose the vital infrastructure for international flights speedy recommencement, as certification of aircraft MRO takes months and years to be reobtained in the reborn businesses. It would be a significant loss for the country, as MRO infrastructure, once lost, in most cases will not be recreated.

It is incredibly disappointing that the Federal Government has chosen to unfairly advantage one of the most prominent players in aviation, to the severe detriment of all other business in the international aviation sector.

Many smaller aviation companies, which rely on international air traffic, will not be able to continue carrying all employees in the hope of a 'bridge to the other side' without Federal Government support, similar to what is offered to Qantas. We need this post-JobKeeper salary support program to be applied wider, not just to Qantas; otherwise, people will lose their jobs within weeks.

Please act to stop these highly skilled workers from losing their jobs and Australia from losing this critical infrastructure.

Yours faithfully,

Asta Zirlyte
CEO
Heston MRO

Rodney Wyse
ALAEA President

Chris Holmes
HR Manager
Heston MRO

Stephen Purvinas
ALAEA Federal Secretary

¹ 'International Qantas workers to get government-funded wage subsidy after JobKeeper ends', ABC News <https://www.abc.net.au/news/2021-03-19/international-qantas-workers-500-week-coronavirus-payment/13261910?utm_source=abc_news_web&utm_medium=content_shared&utm_content=link&utm_campaign=abc_news_web>.