

Qantas Group Opening Statement – Senate Select Committee into COVID-19

##CHECK AGAINST DELIVERY##

Good afternoon, Chair, Deputy Chair and senators. My name is Andrew Parker and I am the Qantas Group Executive for Government, Industry, International and Sustainability. I'm joined here by my colleagues Andrew Finch, General Counsel and Group Executive, Office of the CEO, and Dr Ian Hosegood, Director Medical Services. I have responsibility for the Qantas Group's public affairs. Andrew Finch has responsibility for legal and industrial relations. And Dr Ian Hosegood is responsible for passenger and employee health across the Group Airlines and Businesses.

I want to thank the Committee for the invitation to give evidence at today's public hearing. I'd like to make a brief statement on behalf of the Qantas Group. We'll then be happy to take questions from the Committee.

Right now, airlines across the world are in the middle of the biggest crisis our industry has ever faced. Measures implemented by governments to contain COVID-19, which we all agree are important, devastated travel demand almost overnight. Airline revenues have collapsed. Entire fleets are grounded. And the world's biggest carriers are taking extreme actions just to survive.

Here in Australia, COVID-19 has hit the aviation industry hard. The speed and depth of the impact has been significant and is likely to be felt for a very long time. IATA, the global peak body for the airline industry, says it will take more than three years for global travel to return to 2019 levels. Across the world airlines are shrinking by up to 50%.

While the Qantas Group entered this crisis in a better position than most airlines, we too have been hit very, very hard. In order to address this situation and give us runway for recovery, the Qantas Group has worked to get its weekly cash burn rate down to \$40 million per week. We're now operating a domestic network that is 20-25% pre-COVID levels. Across the Group, 220 aircraft were grounded, our A380 fleet is now in hibernation and the retirement of our Boeing 747's has been accelerated. 20,000 of our people are stood down and will remain so for some time. And it's very clear that international travel is likely to be stalled for considerable time.

Against this background, we're very appreciative for the various measures rolled out by federal, state and territory governments to support the aviation industry. These measures – whether it be the minimum networks, the refunding and ongoing waiving of a government charges and especially

JobKeeper – have been critical to support the sector through what has been an unprecedented and sustained period of depressed international and domestic travel demand. The assistance has also kept Australia connected, freight moving and supported critical associated industries such as tourism and trade.

And of course, we welcome today's announcement from the Federal Government that JobKeeper will be extended until at least March next year. We have been speaking to the Government about this for months and when we spoke to the Prime Minister and Treasurer last month, they understood the devastating impact COVID-19 has had on airlines. This is fantastic news for our people and provides them with certainty. Importantly, it will help ensure most of them stay employed with us and come back to work when flights resume.

While this announcement and the other measures has been crucial to get us through the initial phase of the crisis, we like so many other Australian businesses, were always going to have to restructure to adapt to the new reality – and position ourselves for several years where revenue will be much lower. That's why we've announced a three-year plan to guide our recovery and take us through to the better days ahead. That includes reducing our workforce, fleet and other costs according to demand projections, with the ability to scale up as flying returns. Restructuring to deliver ongoing cost savings and efficiencies across our operations in a changed market. And recapitalising through an equity raising to strengthen our financial resilience for recovery and the opportunities it presents. The actions that we've taken will have a huge impact on thousands of our people. But the collapse of billions of dollars of revenue leaves us with little choice if we are to save as many jobs as possible over the longer term.

The faster we recover, the sooner most of our people can get back to work. There are clearly some green shoots domestically with intra-state tourism in Queensland, NSW and WA recovering well and some interstate flying resuming. But the situation in Victoria shows us how fragile this is and that we can't be complacent because there will be setbacks. We know that we will be living with COVID-19 for some time and recent events show we can't take a low infection rate for granted. Safety is absolutely core to how we operate and that applies to new challenges like managing the risk of COVID-19 so Australians can fly with confidence – and that's why we've rolled out our Fly Well program to ensure a safe travel environment.

This year was supposed to be one of great celebration for Qantas, culminating with our Centenary birthday in November. Clearly however, things are not turning out as planned. Instead we're

experiencing by far the most challenging period in our 100-year history. And while the key to this pandemic is to stay apart, when the time comes, we stand ready to continue our national role in connecting Australia, supporting large and small businesses, visiting families, regional centres and local tourism industries as we recover, all while delivering a high level of care, service and, above all, safety.

We're very happy to take questions from the Committee.