

APPENDIX A

- 1. Has Mr Joyce ever expressed the view that pay in Australia needs to be relative to that paid in foreign ports?**

Alan Joyce has never made this remark and has no knowledge of how much offshore baggage handlers are paid, so would not know the figure to pass comment in any case. He does not and has never held the view that pay rates in Australia should mirror pay rates overseas.

- 2. Can you break down for me that \$100 million? That's a lot of money—to me, anyway. What were the costs in your business that you no longer have to bear because of the outsourcing decision that added up to that \$100 million?**

Prior to the outsourcing decision, the request for information (RFI) process which was undertaken demonstrated that third party suppliers could provide ground handling functions at a cost that is approximately \$100 million lower than Qantas' costs for performing the ground operations on a fixed price 'per turn' of the aircraft and using modernised ground support equipment (GSE) without Qantas having to outlay the capital to modernise its own GSE.

It is important to note that the third party suppliers are in the business of providing ground handling services. They are not labour hire providers. Consequently, their business model necessarily needs to ensure that they have sufficient scale and efficient work practices so that they can provide these services in a cost effective way, including by defraying their costs over a number of clients and minimising inefficient downtime. It is likely that labour costs will account for some of the savings, but it does not follow that this is due to the ground handlers paying their people less. Furthermore, savings also arose from GSE operational expenditure, vehicle costs, car parking, waste disposal, facilities leasing and maintenance, and plant and equipment maintenance.

- 3. You might look at both the press statements and the public comments over a long period of time about those workers getting paid less, Mr Finch. Perhaps you could take it on notice if you want to add anything, if you have a view about the comments that have already been passed and whether these workers were paid less than direct hire Qantas employees at the time.**

The Qantas Group has its own intra-group labour hire providers (such as QGS), but they are not used to pay employees lower rates of pay. These employing entities pay at or above market rates and are covered by enterprise agreements negotiated with the relevant unions. We have a number of different rates of pay reflective of the fact that the Group is comprised of a number of airlines, operators and employers operating across a diverse range of markets and under several different industrial instruments.

- 4. The Federal Court has ruled that you broke the Fair Work Act when illegally outsourcing 2,000 jobs last year. These aren't losses due to the pandemic; these are 2,000 people who had ongoing work and you kicked to the kerb. You're dragging this out in the appeals court, so presumably you won't be willing to comment on that case today. In light of that outsourcing, how many ground staff, baggage handlers, ramp workers and cabin cleaners are currently employed by Qantas, and how many do you engage who are employed by outsourced firms?**

The Qantas Group currently employs 927 staff to perform below the wing activities, over 700 of whom provide ground handling support ground for Qantas Freight. Qantas does not have visibility

over the number of workers engaged by firms who provide these services to Qantas, in the same way it does not have this visibility for the thousands of firms from which Qantas acquires a wide range of products and services.

5. Thank you for giving us the figure of \$1.6 billion in federal support earlier in your evidence. Are you able to tell us how much you've received from state governments over the same period?

Since the start of the pandemic, the Qantas Group has received payroll tax relief in the form of deferrals amounting to approximately \$60 million and waivers of approximately \$6.6 million across the various states and territories as part of their respective COVID-19 assistance packages, which were not specific to aviation. The Group also received assistance from the Victorian Government for parking idle aircraft.