

Supplementary Qantas Submission

In its submission to the Senate Committee, the ALAEA made a number of claims. Many of these claims include erroneous and grossly misleading content that Qantas must refute and correct.

Counter points to ALAEA claims

1. **Most of the work planned for the Sydney Heavy Maintenance facility was transferred to overseas sites and has not been returned to Australia.**

This is completely incorrect. Qantas' decision in March 2006 to keep our wide body aircraft heavy maintenance in Australia represented a strong commitment to building a globally competitive business in this country.

Heavy maintenance previously undertaken at Sydney was transferred to our base in Avalon over a three month period from March to May 2006. Avalon operates with a skilled workforce of 900 people employed to meet our future B747 heavy maintenance needs.

The large majority - 90% - of Qantas' heavy maintenance work is still undertaken at our facilities in Australia and this figure has typically been in the 85 – 95% range for many years. Qantas outsources only a minority of work (10%) that either cannot be accommodated within the physical capability of our facilities or on new aircraft types where the work volumes are very low.

2. **Qantas and Jetstar Heavy Maintenance work has been completed in Manila.**

The airline has used offshore facilities, including in New Zealand, the Philippines, Singapore, Switzerland, Hong Kong and the USA, to handle over-flow maintenance work at times of peak demand, a practice which has been followed for 30 to 40 years. This work all falls within the 10% figure referred to above.

Qantas maintenance cannot approach levels of global competitiveness if it has surplus facilities and staffing levels that exceed the available maintenance workload. By outsourcing such small percentages of over-flow work we are able to keep our Australian operations fully occupied and so better able to compete.

3. **The mix of licence to unlicensed engineers should not drop below 30% licensed.**

All the maintenance providers that Qantas uses meet the CASA regulatory requirements regarding levels of appropriately skilled, experienced and competent engineers. Whilst the licences of these people are recognised, they must additionally undergo specific training to meet Qantas' requirements and to carry a Qantas approval. These facilities and their operations are audited by CASA and Qantas' own Quality organisation to ensure this is so.

In addition, Qantas sends a team of highly paid engineers and support staff that far exceeds that sent by any other airline, to oversee maintenance performed at offshore maintenance providers. These engineers do not perform or certify work, but are there solely at Qantas' discretion.

4. **At the Manila facility there are only 2 licensed engineers along with 44 unlicensed.**

The Lufthansa facility in the Philippines (Manila) (LTP) has 454 Mechanics in the Aircraft Overhaul division. This resource provides coverage across two maintenance lines.

The line that is carrying out the work for Qantas on the A330 aircraft have 64 appropriately Qantas trained, licenced/approved engineers providing certification and oversight for 195 mechanics. In Singapore, SIA Engineering Company has in excess of 25% licenced (Qantas approved) engineers. These figures do not include other Approval Holders such as Workshops including Structures and Non-destructive Test specialists.

5. That LAMEs in Singapore are required to supervise the work of prisoners.

Qantas has used the services of Singapore International Airlines Engineering Company (SIAEC) and Singapore Technologies Aviation Services Company (SASCO) for adhoc overflow B747 & B767 Heavy Maintenance. Neither Company has any program or scheme where they engage prisoners or ex-prisoners from Singapore or elsewhere to undertake any form of aircraft maintenance on their own or customer aircraft. All personnel are screened by the Singapore State Police who would preclude these people from access to airport facilities.

6. That the Singapore and Manila sites are operating at unsafe levels in regards to the number of licensed engineers and employ a substantial number of local people whose first language is not English.

Refer to the response to Claim 3 above.

The maintenance providers used by Qantas perform maintenance for a very large number of the world's airlines. English is typically the language used by these airlines for their maintenance documentation and both the LTP (Philippines) and Singaporean maintenance providers operate using the English language as their standard.

7. Qantas Engineering Management have admitted there is significant quality issues with work done on its aircraft in offshore facilities.

This is incorrect – management has not said and do not believe this. We always ensure our maintenance operations are of the highest possible standard and we will never compromise on safety. All facilities are audited by CASA and by Qantas' own Quality organisation. Qantas management remain responsible for maintenance that is performed outside its own facilities.

8. If the APA bid is successful, due to the large bonuses on offer to keep to airline profitable the board members of Qantas may not be able to make impartial decisions in regard to safety and maintenance of the Qantas/Jetstar fleet and that these decisions will be based solely on cost with little regard to safety.

APA is on record as saying nothing will change Qantas' existing focus on safety, which is and will remain the Company's number one focus.

9. Qantas has already started advertising internally for engineers and aircraft planners to work in Asia.

The advertisement was for existing Qantas staff who may be interested in relocation. The roles are about growth not transferring work.

10. The ALAEA has sighted Qantas/Seabury documentation recommending all heavy maintenance be offshored.

Seabury Consulting assisted Qantas with the review that resulted in the decision in March 2006 to retain wide-body aircraft heavy maintenance in Australia. There would be considerable savings if this work was transferred offshore and this information was shared with staff along with all other options, but this was not the decision that was taken.

11. Overseas maintenance will compromise the safety of the Qantas fleet.

Qantas will never compromise on safety. All sites are audited by Qantas and CASA and have on-site representation of Qantas engineers, who are typically ALAEA members.

12. Qantas will and has leased aircraft which require offshore maintenance as part of the lease.

This is untrue. No such deals are in place or contemplated. However manufacturers are increasingly offering their products 'bundled' with support services and this is a competitive threat to all independent maintenance organisations.

Facts and figures

The Qantas Group operates one of the largest aircraft engineering and maintenance organisations in the Asia Pacific region; and

- ▶ employs more than 6,000 people in maintenance facilities in Australia
- ▶ is one of the few airlines in the world with its own industry training program
- ▶ continues to invest in engineering and maintenance training – in January 2007, there were about 400 apprentices employed under the airline's certified trade program
- ▶ has invested \$300 million in facilities and training over the last 5 years through:
 - in August 2005 commenced investment of more than \$10 million to establish a Centre of Excellence for the maintenance of Rolls Royce RB211 engines in Sydney
 - in 2005 completed a new \$85 million maintenance hangar in Brisbane
 - continues to support Australia's defence needs. In February 2007 Qantas Defence Services signed a contract with the RAAF to provide support services for their fleet of A330 Multi Role Tanker aircraft.