



29 June 2007

Mr John Carter
Secretary
Senate Employment, Workplace Relations
and Education Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Carter

Re: Inquiry into workforce challenges in the transport industry

Thank you for the opportunity to appear before the Committee at the public hearing held on 4 June 2007, to elaborate on our submission of 31 January 2007.

At the public hearing, the Committee asked Qantas if we would be prepared to provide examples of instances where a lack of harmonised regulatory requirements imposed a burden on Qantas' business. Information relating to the impacts of differences in State-based Occupational Health and Safety (OH&S) legislation is set out in the attached.

Qantas' representatives at the hearing foreshadowed our intention to invest further in pilot training in Australia. Copies of subsequent media releases dated 27 and 28 June are attached. As you will see, on 28 June Qantas and Griffith University jointly announced the establishment of a new pilot training course, to commence from January 2008. This training is the first of its kind in Australia and will be made more affordable with the assistance of the federal government Fee-Help program. Upon successful completion of the three-year course, cadets will undertake a further two years of flying experience with the Qantas Group, and subsequently be considered for employment within the Group.



Qantas Airways Limited ABN 16 009 661 901

Qantas Centre 203 Coward Street Mascot NSW 2020 Australia

Telephone 61 (2) 9691 3636

qantas.com

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We would also like to take this opportunity to respond to comments made by the Australian Licensed Aircraft Engineers Association (ALAEA) in its submissions to the Committee. Our views should be read in conjunction with the supplementary material, entitled "Qantas Engineering Fact Sheet", provided to the Committee by Qantas on 4 June.

We would be pleased to provide any further information in relation to these matters if it would be of assistance to the Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Hawes", with a long, sweeping horizontal stroke extending to the right.

David Hawes
Group General Manager
Government and International Relations

OHS

The existence of duplication, overlap and inconsistency between State/Territory and Federal legislation adds inefficiency and costs to the Qantas Group's operations, and therefore hampers our competitiveness.

For example, Qantas is subject to extensive administrative burdens associated with the disparate State/Territory-based occupational health and safety (OHS), injury management and workers compensation regimes. Compliance is required with eight sets of regulations whose application is measured via different monitoring, audit, reporting and investigation processes. Diverse standards are required to be met, and prosecutions and penalties for non-compliance are subject to further complex and inconsistent State-focused judicial considerations and nuances. Even where national standards, codes of practice or guidelines exist, such as those from the former National Occupational Health and Safety Commission (NOHSC), now the Australian Safety and Compensation Council (ASCC), these are not uniformly adopted by States and Territories. As a result, Qantas has been required to employ specially trained personnel in each jurisdiction to interpret laws and facilitate compliance needs, rather than having a more cost effective centralised function. Additional external consultants are routinely employed on a State/Territory basis where in-house resources are limited, such as during periods of audit and self-insurance licence renewal.

Extensive effort is also required to maintain relationships with the statutory authorities of each jurisdiction and their multiple committees, commissions and tribunals. Such effort is matched only by the resources applied to participating in industry bodies such as the Australian Chamber of Commerce and Industry (ACCI) and self-insurers associations, which, in large part, work towards encouraging State and Territory governments to harmonise and standardise legislation.

We are unable to utilise a single system to manage our compliance, as multiple modifications have to be made for each jurisdiction, resulting in cascading tailored sub-systems, including individualised training programs, adding to complexity and cost. In addition, Qantas subscribes to several expensive legislative update and interpretative services to ensure that we are abreast of all current (and frequently updated) State and Territory OHS, injury management and workers compensation legislation.

A conservative estimate of the cost burden on Qantas associated with the present legislative structure and content is in the order of several millions of dollars per annum. This money would be better spent in facilitating the Qantas **be safe!** best practice injury prevention program, which to date has delivered substantial performance improvements, including in business productivity, but whose implementation has been negatively impacted by the aforementioned external bureaucratic complexities.

ALAEA submissions

Apprentice program

Since the merger of Qantas with Australian Airlines in 1992, the average apprentice intake has been 100 per year (this includes two years of zero intake in 1998 and 1999).

The current Qantas Engineering (QE) apprentice headcount is 200. This number, which is artificially lower than in recent years, reflects the transition to a pre-vocational arrangement whereby apprentices complete their initial nine months of training with an aviation training institution. The 2006/07 intake of approximately 60 apprentices is underway, with similar numbers likely in 2007/08.

Qantas' associated and subsidiary businesses (Qantas Defence Services, Jetstar and QantasLink) employ a further 70 apprentices, totalling 270 apprentices in all for the Qantas Group.

Training

Apprentices undergo a four-year period of training, with about 70% becoming aircraft mechanics/maintenance engineers (AMEs) and 30% going on to become Licenced Aircraft Maintenance Engineers (LAMEs).

In addition to Apprentice training, QE provides ongoing skill development, refresher and aircraft-type licence training to AMEs, LAMEs and other QE employees.

Qantas has provided this technical training to over 6,500 engineers over the past five years. Additionally, training in local area procedures, OHS, Lean Sigma and other similar business related training is also conducted.

Qantas provides employment for about 1,700 LAMEs who hold more than 22,000 licences on multiple aircraft/engine types, for an average of approximately 13 licences each.

Transits

The issue of "transits" (where an aircraft arrives at and subsequently departs from a port) was raised by the ALAEA, stating that "... we have a procedure where we have at least one engineer for every transit in Australia."

This statement, which refers to the carrying out of pre-flight inspections on aircraft by LAMEs, is incorrect. Qantas Group aircraft arrive and depart from more than 30 ports around Australia which are not manned by LAMEs, including Hobart, Launceston and remote locations such as Alice Springs, Port Hedland and Broome. In these circumstances, pilots conduct the relevant checks for aircraft serviceability and to ensure that the highest standards of operational safety are maintained.

It is also important to note that such a 'LAME transit' is not required by Australia's aviation safety regulator, CASA, by the aircraft's approved system of maintenance nor by the major aircraft manufacturers, and is not undertaken by our major competitors.



Media Release

QANTAS TO START NEW FLIGHT TRAINING BUSINESS

SYDNEY, 27 June 2007: Qantas today announced that it would establish a new, stand-alone flight training business by the end of 2007, with the aim of training 3,000 new pilots for the Qantas Group over the next 10 years.

The Chief Executive Officer of Qantas, Mr Geoff Dixon, said he expected the new business would also train a significant number of pilots for other airlines.

"Until now we have managed our pilot training in-house, servicing only Qantas' requirements. With aviation in the Asia Pacific region experiencing strong and rapid growth, we believe the time is right to think more broadly about future pilot training," Mr Dixon said.

"Qantas has the credentials and expertise to develop a centre of pilot training excellence to capitalise on the industry's need for skilled pilots during this growth period and into the future."

Mr Dixon said the facility would be one of the largest pilot training businesses in the world, operating independently of the airline, with its own profit and loss responsibilities.

He said Qantas was investigating a range of joint venture options in both the civilian and military arenas.

"We are in discussion with leading simulator manufacturers, aviation training organisations and financial partners. Our objective is to provide a model for the industry, ensuring the highest standards for training quality and cost efficiency."

Mr Dixon said the business would initially operate from Qantas' existing facilities in Sydney and Melbourne, which had an extensive range of flight simulators.

He said the new business would be managed by Captain David Coates, who currently leads the Qantas Flight Training organisation. Captain Coates would report to Mr Curtis Davies, Executive General Manager Services, effective 1 July 2007.

Mr Dixon said Qantas was also reviewing the structure and scope of its existing pilot cadet program.

"In addition to our traditional sources of pilots, the Group will significantly expand its cadet program. We anticipate offering cadetships to over 100 Australians each year," he said.

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Media Enquiries: Belinda de Rome - Telephone 02 9691 3762**



Media Release

QANTAS AND GRIFFITH UNIVERSITY TO PROVIDE THE HIGHEST QUALITY PILOT TRAINING

BRISBANE, 28 June 2007: Qantas Airways and Queensland's Griffith University today announced a new pilot training course, to commence from January 2008.

Qantas Executive General Manager John Borghetti said the training was the first of its kind in Australia, with graduates receiving a Bachelor of Aviation and a Graduate Diploma of Flight Management.

"This unique training course will nurture the best possible future pilots from all backgrounds," Mr Borghetti said.

"Cost has traditionally been a barrier to flying training, but with the assistance of Fee-Help, a federal government program, students could expect to offset up to \$80,000, making the training more affordable."

Mr Borghetti said at the completion of the training phase, cadets would leave Griffith University with:

- Bachelor of Aviation Degree;
- Qantas/Griffith University Graduate Diploma of Flight Management;
- commercial pilot licence;
- command instrument rating;
- credits for all air transport pilot licence theory subjects;
- 100 hours as a pilot in command of a fixed wing aircraft; and
- approximately 200 hours total flying time supplemented by additional flight simulation time.

Upon successful completion of the three-year course, cadets undertake a further two years of compulsory flying employment experience, with positions secured by the Qantas Group. This employment may include regular public transport, charter, instructional, regional airline, or other types of flying, at regional or city areas throughout Australia or elsewhere in the Asia-Pacific region.

"After successful completion of this phase of training, cadets will be considered for employment as a Second Officer with the Qantas Group," Mr Borghetti said.

Griffith University Vice Chancellor Professor Ian O'Connor said the partnership was an excellent example of the vocational links between the University and industry that could benefit students directly.

"Qantas gets work-ready graduates with skills and education tailored to meet the needs of today's airline industry, while our students get the opportunity to gain real-life experience with one of Australia's most iconic companies," he said.

Today, the Qantas Group employs more than 3000 pilots.

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Media Enquiries: Melissa Thomson - telephone 07 3238 2720 or 0407 281 832