

Government support – but Private Equity bid hits turbulence

Despite strong public opposition the Howard government has cleared the way for the private equity takeover of Qantas. The Howard Government has shown it has little interest in protecting the long-term interests of Qantas or the interests of over 35,000 Qantas employees by approving the private equity bid for Qantas.

Qantas Unions lobby Politicians

Following heavy lobbying in Canberra by Qantas staff and their unions there was at least some half hearted attempt to placate the Australian public's opposition by imposing conditions on the sale. It is seriously questionable whether these conditions are enforceable. Importantly John Howard and Peter Costello refused to demand from Airline Partners Australia (APA) any form of job protection for tens of thousands of Qantas workers.

All is not what it seems

Legal action by the Australian International Pilots Association has exposed large holes in the story told by Airline Partners Australia (APA) regarding their level of experience in the airline industry. As a result of the action APA has been forced to admit that their level of experience is not as great as they previously informed shareholders. Consequently APA has been forced to vary the bidders statement to reflect the true state of affairs.

APA forced to extend bid period

Many institutional investors in Qantas have now made public statements claiming the APA share offer is not such a great deal. Some large investors have made it clear they will not sell at the price offered.

At the time of writing APA had managed to acquire as little as 27 per cent of Qantas' shares. For the bid to succeed APA must acquire at least 90 per cent by 3 April.

Investors have said that the offer is too low, especially as Qantas has now revised its profit forecasts upwards. Some investors have claimed that there will be a significant opportunity cost to them as they lose the ability to invest in and gain returns from a profitable Qantas in the future. There has been a negative reaction to those who are now talking down the value of Qantas and highlighting the difficulties ahead to provide shine on a dull share offer.

Qantas Unions move to protect your entitlements

There is understandably considerable concern amongst many Qantas employees that there future entitlements may be at risk. Your unions share those concerns. Whilst Qantas is a profitable company and current union agreements protect conditions there are troubled times ahead.

It has been confirmed that Qantas (both existing and future management) intend to fully utilise the new industrial relations laws. These laws are designed to ultimately reduce your pay and conditions. The Qantas unions are working together to ensure that all Qantas union members are protected. That involves all Qantas workers working together to ensure basic rights and entitlements are protected.



Qantas Union reps at the Senate Inquiry into Jetstar

Concern over superannuation

We are concerned that the existing or new owners of Qantas may be in a position to remove approximately \$200 million from the Qantas superannuation plan. The \$200 million is money in excess of the amounts held by the fund to meet their obligations to plan members.

The ACTU on behalf of Qantas employees, their families and their unions has written to Qantas CEO Geoff Dixon requesting urgent clarification on this matter by 29 March 2007. Mr Dixon has been asked:

- Has there been any discussions between Qantas Airways Limited and Australian Airline Partners or any other party regarding the future of the Qantas Superannuation Plan?
- Has there been any discussions within Qantas Airways Limited regarding the future of the Qantas Superannuation Plan?
- If there has been any discussions, internally or with APA, have those discussions included the availability or otherwise to the company of funds from the Qantas Superannuation Plan?
- Specifically, is it the opinion of Qantas that the Trust Deed of the Qantas Superannuation Plan allows for the excess funds to be accessed directly by Qantas or alternatively be utilised to meet future contributions to the fund from Qantas?
- If it is the opinion of Qantas that excess funds can be accessed, can Qantas provide an

assurance that they will not be accessed?

- Does Qantas commit to the continuation of current superannuation arrangements for all employees?
- Is Qantas prepared to meet as a matter of urgency with the ACTU and representatives of the Qantas unions to discuss these matters?



The Qantas unions recognise that there are many ex-Ansett employees within the Qantas group. It is understandable that the level of anxiety amongst these employees is particularly high. Following the takeover by Air New Zealand and the subsequent collapse of Ansett, one of the superannuation funds was unable to meet its obligations to members. There is no suggestion that Qantas is likely to collapse or that employees superannuation entitlements are at risk. There is a concern that significant funds with the superannuation plan can be removed and that returns may be affected.

Qantas unions are obtaining joint legal advice about your superannuation to ensure your retirement monies are maximised.

Urgent meetings of Qantas union delegates are commencing on Monday 2 April to discuss these important issues.

Turbulence ahead

We must all work together to ensure Qantas remains a great and iconic Australian company. We must all work together to ensure that Australian jobs – our jobs, our conditions and your entitlements are protected.

Please distribute this bulletin and be prepared to attend important information meetings concerning the future of Qantas and our future within Qantas.

For more information and background information contact your union or go to www.qantasunions.com.au



Authorised by: Australian Council of Trade Unions (ACTU); Australian & International Pilots Association (AIPA); Australian Licenced Aircraft Engineers Association (ALAEA); Australian Workers Union (AWU); Australian Manufacturing Workers Union (AMWU); Association of Professional Engineers, Scientists and Managers Australia (APESMA); Australian Services Union (ASU); Communications Electrical and Plumbing Union (CEPU); Flight Attendants' Association of Australia – Domestic/Regional Division & International Division (FAAA); Liquor, Hospitality and Miscellaneous Union (LHMU); Transport Workers Union (TWU); National Union of Workers (NUW)