



BRIEFINGS //

QANTAS Pilot Council

TO // Qantas Short Haul and Long Haul Pilots
FROM // AFAP Qantas Pilot Council
DATE // 12 September 2024
RE // Qantas Short Haul EA Update No. 12

Qantas Short Haul EA Update No 12 AFAP Alternate Offer

Context

On 16 July 2024, the AIPA CoM voted to endorse the in principle agreement reached between the AIPA negotiating team and the Qantas SH negotiating team. Following this endorsement, the AFAP conducted a second SH survey, open both to SH members and SH non-members. This survey was designed to capture the latest views and sentiments of the pilots in the context of a tangible offer that would be sent to a ballot.

From the survey results, the AFAP took the position that the in principle agreement, offered to the AFAP as part of good faith bargaining, remained well short of what pilots required. Accordingly, the AFAP Qantas Pilot Council (QPC) advised Qantas we would not be endorsing the proposed agreement, and highlighted the areas the agreement fell short.

During the drafting process, Qantas invited the AFAP's input. The AFAP gave detailed input into where the agreement fell short and provided an alternative offer that would be endorsed by the AFAP QPC.

Alternative Offer Details

The alternative offer we presented to the Company was aimed at addressing the in principle agreements shortcomings as outlined by pilots in the AFAP's SH surveys.

The first and primary issue for pilots was remuneration. 100% of pilots surveyed did not support the wage freeze. The majority of pilots indicated they understood there were other ways of offsetting the wage freeze. Accordingly, the AFAP's position is that a neutral remuneration position is one that accounts for inflation. That means pilots would not accept any offsets to achieve this position.

The main issue with regards to remuneration in the Company's proposal is the lack of guarantee wage rises derived from the structural changes and used as a wage freeze offset, namely:

- Pattern Credit Guarantee (PCG)
- Reserve (standby) Pay
- Duty Period Credit (DPC)
- Long Slip Credit (aka Average Daily Credit)

PCG

The issue with PCG lies in the Company's ability to change rostering and disruption management practices to mitigate against the 20 credit hours per annum pilots have been told they can expect.



As such, and in line with other operators such as Virgin, the AFAP proposes PCG begins at roster publish instead of 2 days before pattern commencement. This change is designed to secure the calculated 20 hours by making it very difficult for the Company to mitigate.

Paid Reserve

The primary issue with reserve pay also lies in the ability for the Company to mitigate the 36 additional credit hours per year pilots have been told they can expect. This means reserve coverage may be less than it currently is, and pilots may receive less remuneration than expected.

As such, the AFAP proposed a 'pre-paid standby' function in addition to the paid standby clauses. This function would be a pay table adjustment of 3.6% for 9 standbys per annum. In addition, pilots would receive the difference of a minimum of 5 hours for an active standby call out and would have the ability to drop a standby (dropping 4 credit hours per standby), or bid for additional standbys (and additional credit).

Any additional standbys to the 9 pre-paid would be paid according to the clauses in the proposed agreement. This function would secure the pay that pilots have been told they can expect, whilst also providing flexibility to pilots for their individual circumstances. This function should also be considered cost-neutral by the Company if their pay calculations are genuine. Further details would be worked through on agreement.

DPC

The Duty Period Credit (DPC) is a supported item by the AFAP, although we do not include the purported 12 additional credit hours in our calculations as we believe the Company can and will mitigate against this cost by changing pattern construction and disruption management practices.

Long Slip Credit

The Long Slip Credit function in the proposed agreement is positive but remains largely exposed to Company side-stepping. As such, the AFAP replaced it with a Trip RIG function in the alternative offer which pays pilots 1 credit hour for every 3.5 hours away from home. This ensures slips of less than 30 hours are also protected by this function.

Pay Scales

Further pay items included in our counter-offer include:

- Changes to pay increments to "3% of CPI, whichever is higher";
- Changes to years 5 and 6 pay to 3% increments;
- Change of pay table applicability to years of service in mainline instead of years in rank.

The change to the pay increments for years 2025, 2026 and 2027 is designed as a protection against inflationary spikes. The current unpredictability of the economy and inflation is unprecedented and the QPC believes locking in a fixed rate for 4 years without protection is insufficient.

Changes to years 5 and 6 scales were predominately to ensure the total package met pilots' stated requirements of not going backwards in real terms. The total package was calculated using the guaranteed remuneration rises and needed to meet the stated threshold of the pilots.



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Changing the pay table to years of service was both a way to achieve the necessary package value for pilots and to help secure the pipeline of pilots in short haul by bringing it in line with the rest of mainline. This is an item supported by our survey data.

Concessions

The AFAP QPC alternative offer further removed some concessions contained in the Company's proposal. The reasons these were removed are two-fold. Firstly, none of the concessions were supported by the survey results. While the AFAP and the SH pilots understand negotiations are about compromise, the significant concessions were not sufficiently accounted for in the proposal. These concessions included:

- Direct hire FOs
- Duty travel changes
- Contactability changes

Additionally, as we have stated previously we believe the value of the productivity savings that carry over from the variation need to be recognised by Qantas as part of this negotiation.

Direct Entry FOs

Direct hire FOs is a major concession of high value to the Company. In our meetings with the Company's SH negotiation team, the Company advised us this was a significant cost saving for them in training terms.

In addition, the AFAP's position is that this change would remove any leverage pilots have to ensure sustainable working conditions in short haul in the future. It is also the AFAP's position that further separation between the hauls is likely to create significant negative unintended consequences.

In consultation with members involved in past negotiations stretching back to the 90s, the AFAP was able to gain an insight into the risk and context of this significant concession. Accordingly, this concession was removed altogether from our alternative offer, including references to FO training pay (proposed to be less than the modern award).

Duty travel changes

Changes to duty travel in the proposed agreement also create significant cost savings for the Company in the medium and long term. Changes to the way the short haul fleet is utilised will risk creating unprecedented operations and as such the AFAP views this concession as needlessly risky and insufficiently offset.

Contactability Changes

Changes to contactability in the proposed agreement is a significant concession for pilots and a notable gain in flexibility for the Company. We do not believe these changes have been sufficiently offset and as such these changes were removed from the AFAP's alternative offer.



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Conditionally Agreed Items

Some items contained in the proposed agreement remained in our alternative offer on the condition other items were also included. These items are specifically tied together, and the AFAP outlined they could not be considered 'agreed items' in isolation. These include:

- Bidding timeline changes
- Offshore training rosters for trainers
- A320 Entry Into Service addition
- Freeze period changes

Agreed Items

Items the AFAP agreed to and kept unchanged in our alternative offer benefit the pilots. These include:

- The introduction of DPC
- Open-time bidding facility through WebCIS
- Pre-allocated X days change to 5
- Golden Leave days change to 5
- Home Transport provisions for back of the clock operations
- Flexi-line changes (on the condition a 15% cap was introduced to compel to the Company to approve flexi-lines if less than 15% of the establishment were on flexi-lines)
- Superannuation changes
- TRE's, CAT's and TRI's baseline hours increased from 1002 hrs per annum to 1077 hrs per annum

Summary

The details of what make up the AFAP's alternative offer are based solely on the results of the two surveys we have conducted and direct feedback from SH pilots and AFAP SH pilot representatives. The results detailed what pilots would deem an acceptable offer in the context of the economic, political and industrial climate.

The AFAP QPC alternative offer was well received by the Company who expressed their position was that we were 'not that far away' from agreement. The AFAP maintains its position that our alternative offer creates considerable value for the Company in creating a more sustainable working environment for Short Haul pilots which will translate to both retention and attraction of more mainline bidders.

For any inquiries regarding Short Haul bargaining or other matters at Qantas please contact the AFAP legal and industrial team of Senior Legal/ Industrial Officer Pat Larkins (patrick@afap.org.au), Senior Industrial Officer Chris Aikens (chris@afap.org.au), or Executive Director Simon Lutton (simon@afap.org.au).

Regards,

AFAP Qantas Pilot Council

Michael Egan - Chair
Mark Gilmour - Vice- Chair
Daniel Kobeleff - Secretary
Michael Armessen - Committee Member