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OF AIR PILOTS**



Qantas SH EA 9 Offer AFAP Explanatory Document



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Overview

This explanatory document has been produced by the AFAP. It is intended to assist members to make an informed decision regarding the Short Haul Enterprise Agreement 9 offer by Qantas.

Should there be any inconsistency between this and the proposed Enterprise Agreement (EA), the EA document prevails.



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Introduction

In 2023, the AFAP Qantas Pilot Council (QPC) conducted the first of two Short Haul (SH) EA surveys for the SH EA negotiations. This survey enabled us to formalise a detailed log of claims (LoC) based on the data derived from the survey results. This LoC has formed the basis of the AFAP's negotiation position and strategy.

Given the industrial climate and Company's approach to Industrial Relations (IR), a 'LoC' approach was chosen as it is the most transparent and robust approach to negotiations your elected representatives can take. It is generally the most widely used, tried and tested, and industrially standard approach to EA negotiations, with a proven track record.

While the QPC would embrace interest-based bargaining with an employer that had a genuine commitment to it, Qantas has demonstrated it is not one of those employers. The AFAP believes concepts of interest-based bargaining are misplaced when it comes to Qantas. Fixed wages policies and threats of removing bonuses or not allocating replacement aircraft are at odds with an interest-based approach to bargaining.

Qantas has demonstrated it responds to power, be it industrial power, market power or legal power. It is therefore the AFAP's position that interest-based bargaining is not the right approach when negotiating with Qantas.

In initial meetings with the Company, the AFAP outlined that the survey results demonstrated SH pilots would not accept pay conditions that see them go backwards against the historically high inflation experienced in the last preceding and projected periods.

In addition, they require:

1. a better work-life balance; and
2. more efficient rostering; and
3. more consistency in the hours they work.

The AFAP made progress in negotiations with the Company, and there are multiple areas where we believe agreement has been close. However, negotiations with AIPA progressed in a different direction, ultimately leading to an in principle agreement with terms agreed to by AIPA that the QPC believe do not meet the pilots' stated requirements.

Accordingly, the Company has decided to progress to a ballot with a proposed EA9 offer, endorsed by the AIPA Committee of Management (CoM), containing significant clauses and offsets that are not supported by the AFAP survey results.

A second AFAP survey was conducted of members and non-members after the Company's EA9 offer was endorsed by the AIPA CoM. The survey results showed almost identical sentiment to the first survey, and consensus and resolve across the primary issues.

The QPC wrote to the Company to seek clarification as to whether the EA9 offer pay-rise calculations derived from structural changes would be guaranteed. The Company subsequently advised they would not guarantee these pay increases and offered no guarantees they wouldn't mitigate against these pay-rises through changing practices.

Given the results from the second survey, the lack of important pay-rise guarantees, the ability for the Company to change practices to mitigate a large portion of any pay-rises SH pilots might expect from the proposed EA, and the significant concessions being asked of the pilots in exchange, the QPC wrote to Qantas on behalf of members to advise that we could not endorse the EA9 offer in its current form and the reasons for our lack of endorsement.



Furthermore, given the most recent survey results, and the information that has been provided, the QPC does not recommend pilots vote in favour of this SH EA9 offer.

Given the Company has decided to proceed to a ballot, the QPC have produced this analysis to provide some explanations, context and commentary on the various changes proposed by Qantas contained in their SH EA9 document.

This document:

1. Provides an explanation of the negotiation environment and the AFAP's negotiation process,
2. Outlines and analyses various items contained in the company's SH EA9 offer,
3. Details an alternative offer that the AFAP QPC has put to the company that we believe satisfies both our SH member's and the broader SH pilot group's stated requirements as indicated by our survey results, and
4. A next steps guide authored by the AFAP solicitors, outlining the expected negotiation process should the Company's EA9 offer fail to achieve SH pilot endorsement.



Negotiation Environment

Economic

In May 2021 Qantas announced a wages policy that included a two year wage freeze. Around the time the Qantas wages policy was set, Australian CPI was 0.8% (March of 2021), 0.4% (January 2021) and 0.4% (September 2020).

By March of 2022 inflation had reached 5.7% and a peak of 8.4% in December of 2022. In December of 2023 it remained elevated at 4.9%. (Source ABS CPI (A2325847F) ABS monthly CPI (A12847838V))

Monthly consumer price index indicator (%)

Year-ended inflation

— CPI excluding volatiles and holiday travel

— Headline



The RBA has been clear on the threat of rising and stubbornly high inflation and, as a result, interest rates have been raised 13 times since 2021 in an attempt to manage this inflation. At the time of writing, inflation in Australia remains at approximately 3.5% and appears steady.

The Company has passed on multiple and significant cost-increases to consumers over the same period of time. In public comments, Qantas spokespersons have attributed these cost increases directly to wage cost increases. At the same time, research by the OECD shows that a large portion of the inflation experienced across Australia is a result of increasing corporate profits. Dr Jim Stanford of the OECD: “Companies in Australia and many other industrial countries have taken advantage of the disruptions, shortages, and desperation of the pandemic to push up profit margins far beyond normal levels. In Australia, corporate profits reached their highest share of GDP ever in 2022, and that has been the leading cause of the current cost-of-living crisis.

“Workers are now struggling to catch up to prices and recover the loss in their real wages.”

Industrial

The recent aviation boom (despite weak global economic outlook), has led to a tangible shortfall of suitably qualified pilots across the globe. Accordingly, the pilot jobs market remains very strong, and Company subsidiaries have struggled to crew aircraft with the likes of Network Aviation offering large retention bonuses in an attempt to retain pilots. Traditionally, weak pilot jobs markets have been used to strengthen the Company’s bargaining position in previous negotiations.



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Political

Currently the Labor government remains in power and as such workers are far better protected by the FWC and legislation than under previous governments. New legislation criminalising wage theft and new 'same job same pay' legislation are good examples of the progress being made to protect workers from corporate entities.

SH Variation

In 2023 Qantas introduced the Short Haul Enterprise Agreement 8 variation (EBA8v). This variation introduced significant pilot concessions purported to be required to accommodate the introduction of the A320 operations. These concessions included the removal of geographical box restrictions, changes to the Rostering Manual that enabled Qantas significantly greater flexibility by altering industrial and legislative protections, and extended training freezes, among other things. These concessions were not offset with any tangible agreement improvements for the pilots. The AFAP commentary on the EBA8 variation from the time can be found [here](#). It remains relevant today.



Negotiation Process

Survey Data

The first of our SH surveys was conducted in early 2023. The results of this survey formed the basis of the AFAP's log of claims. Priority issues outlined in the survey overwhelmingly focussed on:

1. Remuneration; and
2. Lifestyle

Regarding improving remuneration mechanisms, members' stated order of priorities were:

1. Hourly rate;
2. Trip and duty RIGs;
3. Credit protection;
4. MGH changes;
5. Day off payments.

Second Survey

Because our SH membership had grown significantly since the first survey was conducted, and the Company EA9 offer had been endorsed by the AIPA CoM, it was important for the AFAP to conduct a second SH EA survey. This second survey captured the opinions of a now much larger membership base, and importantly, the sentiment of the members in the context of the Company's EA9 offer.

The second survey was open to non AFAP members to enable a comparison of data between members and the broader pilot group. Feedback from members and non-members was almost identical.

Members identified two main areas of the EA 9 offer requiring priority attention:

1. Remuneration that includes tangible, guaranteed pay rises at least in-line with inflation; and
2. Structural changes that ensure sustainable working conditions that protect the welfare of pilots.

Furthermore, members highlighted a preference for a Trip RIG in lieu of ADC. Members also expressed a preference for pattern credit protection from roster publish (a system similar to Virgin, where credits at roster publish, including paid reserve, are protected) instead of the offered PCG.

Members are very wary of the lack of guarantees around the structural changes that require tangible offsets and limit the value of such structural changes.



Negotiations

Negotiations with the AFAP began in October 2023. The AFAP negotiating team presented the Company with a LoC and gave a detailed explanation of the survey data and the related claims.

The AFAP negotiating team's objectives, determined by the members through the survey, were outlined to the Company.

Qantas laid out their own claims in the initial meetings, including placing high value on a wage policy compliant agreement that contained a 2 year wage freeze. Other items claimed by Qantas included:

1. Direct entry FOs (DEFO);
2. First class duty travel entitlement removal;
3. Contactability changes to increase flexibility; and
4. Various administrative changes.

The AFAP maintained the position that a neutral starting point for negotiations was one where pilot's wages remained steady in the context of inflation. Discussions around the AFAP's claimed items and which items would potentially offset the claims, needed to occur from this neutral starting position. Given Qantas' position on remaining 'wage policy compliant', many items were discussed that could contribute to offsetting the Company's proposed wage freeze.

While these negotiations were progressing, AIPA were moving in a different direction, and the AIPA negotiating team and Qantas came to an in principle agreement on 17 June 2024. The AIPA Committee of Management (CoM) considered the in principle agreement on 4 July 2024 and decided NOT to endorse the in principle agreement.

Subsequent to this decision from the AIPA CoM, and according to Qantas (but disputed by AIPA), representatives from AIPA presented Qantas a revised offer which resulted in a second in principle agreement. That in principle agreement was put to the AIPA CoM for a vote on 16 July 2024. The CoM voted to endorse the second in principle agreement.

The AFAP views the disputed origins and timeline of the second in principle agreement skeptically, with both Qantas and AIPA publicly denying each-other's version of events. Clearly it is not possible for both Qantas and AIPA's version of events to be correct.

Non-transparent negotiations cannot serve the SH pilots favourably, and as such we continue to advocate strongly and via legal processes that Qantas negotiate in good faith as per their legal requirements under the *Fair Work Act*. We require that all conflicts of interest are avoided, and those representing SH pilots do so with good faith, transparency, and integrity.

The QPC's position is that had AIPA and Qantas not reached agreement, the AFAP would have continued negotiations productively and continued to make progress towards a position that is acceptable to both our members and the broader SH pilot group.



The QPC believes the items our members and non-members alike have expressed as priorities in the surveys are not unreasonable, and that a negotiated outcome is possible and achievable. The AFAP survey results demonstrate the Company's offer falls short of the broader SH pilot group's expectations.

Drafting

Qantas and AIPA began the drafting process with Qantas advising that the AFAP would be excluded from this process because we did not endorse the proposed agreement.

The AFAP advised the Company that such an exclusion from drafting is not consistent with the Fair Work Act, and subsequently Qantas asked the QPC for drafting comments.

The QPC provided this feedback in a tabled response to the multitude of changes proposed in the document. This response to the company, as per our policy of transparency, and the tabled response can be found in Appendix A of this document.

Voting

The Company has set the ballot opening for Friday 20th of September. The QPC invites members and non-members alike to read this document to gather greater context in their decision making ahead of the ballot.

It is important all pilots participate in voting, as it is 50% + 1 of those pilots who vote needed to approve the agreement.



Analysis of the Company's EA9 Offer

Summary of components

- Four-year term from commencement (5 years from expiry of previous EA)
- Incorporation of the Company's wages policy (no headline hourly rate increase for 2 years)
- 2 year wage freeze followed by three 3% pay increases
- Direct hire FO to SH
- New intake First Officer training pay rate
- MGH increase from 53 to 60
- Additional year 5 and 6 increments at 2.5% (year 6 increment not effective until September 2025)
- Replacement of 'tap on the shoulder' with SMS
- 737 bidding timetable
- Current SH pilots and those with vacancies 'bump' up 1 pay increment
- Increase in golden leave days from 3 to 5.
- Training pilot changes
- Pay for reserve duties
- Backfill of reserves (as per A320)
- Home transport provisions for BOC flights
- Training away from base allowance changes
- Payment for volunteering on an X-day
- Increase in pre-allocated X days
- Minimum pay for duties on AV or BL day
- Changes to freeze periods
- Introduction of a minimum duty period credit (DPC60)
- A320 entry to service provisions
- Flexi line clarification
- Credit for patterns with >30 hour slip
- Open time bidding
- Replacement of RDC with Pattern Credit Guarantee (PCG)

Pay

Pay rates

The proposed deal provides for the Qantas wage policy and three compounding annual increases in hourly rate of pay as follows:

- 0% on 1 September 2023
- 0% on 1 September 2024
- 3% on 1 September 2025
- 3% on 1 September 2026
- 3% on 1 September 2027

The changes are effective from the first full pay period on or after the specified dates.

Pay increments

The proposed EA also includes 2 additional yearly increments:

- Year 5 - 2.5%
- Year 6 - 2.5%

The year 5 increment will be effective 2 bid periods after the EA commences while the year 6 rate will be effective from 1 September 2025.

Sign on increase

At the date the EA commences SH pilots will have their years of service bumped up by 1 year if they are:

- in SH, or
- in training for SH, or
- hold a vacancy in SH but not started training.

Note: A SH FO holding a SH command vacancy will check out in year 2.

X-Day payment

Where a pilot volunteers to work on a day off, including an extra reserve duty, an additional 1-hour passive credit will be paid over and above the credit for the pattern or reserve. If a pilot is called from reserve, the minimum 5 hours applies.

AV and BL day minimum pay

A pilot who is awarded or assigned a duty on an AV/BL day, will receive a minimum of 4 hours for that day. For a multi-day pattern, this will apply to day 1 only.



Analysis

Pay increases in the proposed EA are via direct increases in hourly rates as well as via structural changes.

The 3% pay increments, and years 5 and 6 pay can be calculated relatively accurately. AV/BL day minimum pay goes some way to solve a common frustration for SH pilots.

Other structural changes such as the proposed MGH increase will have a variable impact and will therefore have different financial outcomes for each individual. Purported pay increases from structural changes including PCG, Long Slip Credit, DPC and paid reserve remain unguaranteed by the Company, and therefore we view any projected data, graphs and tables based on these unguaranteed elements as entirely unreliable and misleading (including any calculators produced for the purpose of analyses).

Qantas has the ability to modify practices to mitigate against cost/pay increases they would otherwise incur based on these structural changes. History tells us that Qantas will mitigate against these cost increases thereby reducing the associated pay rises.

Pattern Credit Guarantee (PCG)

Applicability

PCG applies to all flying duties and excludes ground duties and reserve.

Functionality

PCG protects credits on published flying duties from 2 calendar days before sign on (commencing 0000 local). If the duty is disrupted, changed, or cancelled, the Company may find an alternative duty that must remain contained within the PCG window (sign on until sign off + 4 hours). Reserve duties cannot be assigned against PCG.

If a previous day's flying is extended and results in the loss of the following day's flying, it will be protected under PCG. PCG credit will be paid as the higher of the original pattern or the amended pattern, whichever is higher.

Analysis

While PCG goes some way to resolving credit loss, the AFAP believes it will be heavily mitigated by the Company; resulting in less remuneration than pilots are being advised to expect. The Company has confirmed it will not guarantee the 20 hours credit per annum it estimates this change will generate for pilots. For this reason, the AFAP supports a modified PCG applied from roster publish. For context, Virgin pilots have their credit hours protected from roster publish.



Inefficient Patterns

Average Daily Credit (aka Long Slip Credit)

Applicability

Long Slip Credit will apply to patterns with a slip time greater than 30 hours. This will apply to published and disrupted patterns. Disruptions resulting in a slip time under 30 hours will result in a loss of this credit.

Functionality

When Long Slip Credit is applied, the value of a trip becomes 5:15 hours per day. Variable flight time lengths on such a trip therefore do not affect the credit.

Analysis

The removal of the geographical box associated with the SH EA 8 variation (negotiated by AIPA), will result in an increase in regional flying, and therefore longer slip times.

While the AFAP believes it is necessary to protect pilots from the lack of pay density as a result of increased slip times, Long Slip Credit is insufficient in achieving this. There are loopholes for the company to exploit both in the applicability and functionality of the Long Slip Credit or ADC. Slip times less than but close to 30 hours do not attract the credit for example.

Because of the ability for the company to mitigate any Long Slip Credit that may otherwise be generated, the AFAP's position is that Long Slip Credit is not a remuneration increase contributor, and not an offsetable item. The AFAP have proposed a trip RIG, which is designed to protect pilots against the same threat but has fewer exploitable loopholes.

Duty Period Credit (aka DPC, DPC60)

Applicability

DPC will apply to all duties, both planned and actual. DPC does not apply to ground and deadheading followed by ground duties. As per the general pay rules, pilots are paid the 'greater of' including flight hours and DPC. DPC applies to each day of a multi-day pattern in isolation.

Functionality

DPC results in credit hours being calculated as 60% of planned or actual duty hours,



whichever is greater.

Analysis

DPC is a positive step in resolving a long-standing issue short haul pilots have had with the SH EA. The AFAP believes DPC will offer a lifestyle protection function rather than a remuneration function by compelling the Company to improve rostering and disruption practices, potentially leading to more time at home.

The AFAP does not believe DPC will result in the 12 additional credit hours per annum advised by the Company, as Qantas will almost certainly make adjustments to mitigate against the extra costs and has advised it will not guarantee these hours. These adjustments will however, positively benefit the pilots. The AFAP have expressed support for DPC, as this is supported in both of our survey results. DPC also meets one of our claims as presented to Qantas in initial negotiations.

Reserve/Standby

Reserve Pay - Applicability

Reserve pay will apply to pilots who do not take personal leave on an assigned or awarded reserve day.

Functionality

Reserve pay will be 4 credit hours for a standing reserve (no call out) and 5 hours minimum on day 1 of a flying pattern when called out and 4 hours minimum for subsequent days of a multi-day pattern. Due to these changes, bidding for reserves in the roster build will be introduced.

Backfilling Reserve

The Company will have the ability to backfill one reserve when all reserves in a base and rank have been exhausted. This will be done by a priority process similar to open time.

1. Award from minus 5 days in order of PSN;
2. Assign from minus 2 days in the order of reverse PSN

Analysis

The AFAP supports the concept of reserve pay in principle and has negotiated for its inclusion since the beginning of negotiations. However, given the Company are using reserve pay to



offset the wage freeze policy, the lack of guarantees around how many reserves pilots will actually perform per year greatly reduces the guaranteed remuneration value purported by the company.

The AFAP's position is that the company's estimated 36 hours per annum additional credit from paid reserves will likely be lower due to the Company's ability to reduce the amount of pilots on reserve.

Furthermore, if a pilot takes personal leave on a reserve day (a day with passive credit), they will receive no credit. The AFAP views this as punitive and lacking in appropriate care. It is the AFAP's position that the personal leave clause should be amended in conjunction with reserve pay to prevent the encouragement of pilot's attending duties when they are unfit to fly.

The AFAP has presented Qantas with an additional reserve function we would support that would guarantee pilots the 36 hours per annum while maintaining flexibility. This can be found in the AFAP's alternative offer in the appendix.

General

Direct Hire First Officers

Applicability

The EA offer introduces the ability for the Company to fill initial, additional or residual First Officer vacancies in Short-Haul if there are insufficient 'eligible bidders'. Ineligible bidders include:

1. Second Officers with less than 18 months in the company,
2. any pilots under a training freeze,
3. pilots in a 'higher category', and,
4. any pilots the Company deem operationally unsuitable.

Functionality

New direct hire First Officers will join the company directly onto the 737 or A320 as 'FOTs' and be subject to a new pay scale for First Officers under Training. This pay will initially be \$6,218.35 per bid period.

Analysis

The AFAP strongly rejects the proposition of direct hire first officers on multiple grounds.

Within the proposed clause, the ineligibility of Second Officers to bid to short haul with less than 18 months experience will allow the Company to address crewing and training issues to the detriment of pilots. Pilots wishing to 'bid-back' will also have a lower priority in securing a



Short Haul position than those 'off the street'.

From a broader view, addressing the Company's SH crewing issues, generated by unattractive contract conditions, will eliminate pilots' ability to compel the Company to improve contract conditions. The AFAP also perceives significant potential long term issues in the further separation between long and short hauls that would occur with such a clause.

Questionable legal argument exists regarding Reduction In Numbers (RIN) requirements between long and short hauls, and as such the AFAP believes steps to separate the agreements further will create potentially significant and dangerous consequences.

Duty Travel

Applicability

The proposed EA offer changes the current entitlements of pilots from 'highest class of travel available' to business class upgradable to first when on duty travel. The changes also allow the company to request pilots voluntarily pax in economy on day of ops duty travel.

Analysis

Presently the duty travel entitlement clause provides for pilots to passenger in the highest class available. On longer and international sectors this often means in a 'lie-flat' configuration. The proposed changes appear immaterial; however it will have far-reaching consequences. Some international carrier A321XLR cabin layouts contain a business recliner cabin and a first class lie-flat cabin. If Qantas were to proceed in this direction, SH pilots could potentially pax long back-of-the-clock sectors without the entitlement of a lie-flat seat. The cost-effectiveness of reducing duty travel entitlements may also result in a greatly increased number of positioning sectors. The flow-on effects of this are unknown and unpredictable.

Further to this, there is a tangible and significant cost saving for the company and therefore negotiation value to this item which the AFAP does not believe has been accounted for in the Company's offer.

The AFAP does not support these changes on the basis of the effects, and on the basis they have been insufficiently offset.

Minimum Guarantee Hours (MGH)

Functionality

MGH is proposed to be increased to 60 hours per bid period.



Analysis

The AFAP support an increase to MGH. Initial offers by the company contained an MGH of 62 hours. The AFAP survey results showed nearly 60% of pilots required an MGH of at least 65 hours, with close to 20% requiring 70 hours, and just over 10% prioritizing 60 hours.

It is the AFAP's position that an MGH of 60 hours is insufficient, and in the interest of balance and compromise, we support the original proposed 62 hours.

Time Off

Functionality

The proposed EA contains changes to pre-allocated X days from 3 to 5 days per year, with a maximum of 2 in a single BP.

The proposed EA also contains changes to golden leave with an increase to 5 per year, and a maximum of 2 in a single BP.

Analysis

These changes are positive. The AFAP support the proposed changes in isolation.

Electronic Sign-Off

Applicability

Changes to contactability at sign-off contained in the EA offer will require a pilot to be 'sign-off contactable' from on blocks until on blocks +15 mins.

Functionality

Pilots can be notified of a duty change via text message until sign-off +15 minutes, or may clear in WebCIS from on-blocks.

Analysis

This is a significant change in contactability that gives the Company a great deal of flexibility. The AFAP sees a potentially large increase in disrupted rosters as a result, something expressed as a major concern for SH pilots in the survey data. The AFAP also do not believe there are sufficient offsets for this concession.



As a result of the above concerns the AFAP do not support this proposed change.

Home Transport

Applicability

New home transport entitlements for Pilots where their last tour of duty to home base has more than 2 hours between 1am and 5am based on departure point.

Analysis

This is a positive change supported by the AFAP and will assist to mitigate against unsafe conditions for Pilots.

Freeze Periods

Applicability

The EA offer proposes training freeze periods that will apply to SH First Officers conducting promotion to Captain in SH.

Functionality

A Captain who has promoted from FO in SH will be subject to a freeze period of 2 training blocks (2 years). A direct hire First Officer will be subject to a freeze period of 4 training blocks (4 years).

Analysis

This is a concession for pilots, and the AFAP believes it has been insufficiently accounted for in this offer.

Training Pilots

Functionality

TRE and TRI pilots may have reduced self-flying under the proposed agreement. TRE and TRI pilots may be rostered for overseas training for a full bid-period voluntarily under the proposed agreement. Trainers base salary will increase to 1077 hours per year and they will



have access to flexi-lines.

Analysis

The AFAP has assessed the training pilot changes in the proposed agreement as a balanced trade.

Flexi-Lines

Functionality

Minor changes to flexi-lines in the proposed agreement include some changes around bidding for a flexi-line with pilots now required to nominate the BP they would like to commence the flexi-line and not being able to bid more than 3 bid-periods from their desired start date. Flexi-line holders will now be able to bid for more flying through an additional open-time priority.

Analysis

The AFAP generally supports the proposed changes to flexi-lines however, we have outlined to the company our preference to include an increased cap of 15%. If agreed, this would mean the Company would be compelled to approve flexi-line applications until 15% of the SH establishment are conducting flexi-lines. Beyond 15% approval would be at the Company's discretion.

The AFAP views a cap of 15% as a necessary access to flexible work arrangements for the well-being of pilots. This proposed change by the AFAP is strongly supported by survey data.

Bidding Timeline

Functionality

The proposed agreement contains a reduction in the bidding window by 3 days with an extra day for roster build.

Analysis

The AFAP views a reduction in the bidding window as a concession. The AFAP do not believe this proposed change has been sufficiently accounted for.



A320 EIS

Functionality

A320 entry into service is complex and necessitates some flexibility. The temporary changes for the A320 during the EIS period includes minimum pay of 68 hours, a reduction in personal flying for trainers and bidding flexibilities for Qantas. The EIS period is 12 months from first delivery or fifth aircraft delivered, whichever is earlier.

Analysis

The AFAP generally appreciates the unique and complex nature of introducing a new type and therefore do not oppose the temporary changes.

AFAP's Commentary on AIPA's analysis of the Company Offer

The primary criticisms the AFAP has of AIPA's analysis of this EA offer are:

1. The lack of focus on the unguaranteed nature of the purported pay-rises linked to the proposed structural changes. Such changes are required to offset historic and sustained excessively high inflation which greatly reduces purchasing power and therefore the value of current income.
2. The potentially misleading use of graphs and historical data.

As the AFAP has mentioned in multiple briefs and again in this document, the primary structural changes are not guaranteed to generate the pay gains that have been estimated by the Company and AIPA. This is not an assumption, the Company has directly refused to provide written guarantees on the purported pay rises.

Other analyses of the merits of this agreement appear to assume such functions *will* be guaranteed, and appear to make remuneration calculations based on this assumption. In doing so, the tables, examples and graphs provided are potentially misleading pilots to believe these remuneration gains are negotiated guarantees.

The AFAP's position is that remuneration gains can only be relied upon if they are derived through functions that cannot be manipulated by the company to mitigate costs. Therefore, the AFAP encourages pilots to view the tables, examples and graphs produced in other documents with a great deal of scepticism.

Historical graphs depicting remuneration against CPI are also somewhat misleading. The assumption made by other analyses appears to be that previous agreements with pay increase increments above CPI make up for future agreements with pay increase increments below CPI. This AFAP views this inference as disingenuous and misleading. Previous agreements contained items, changes, offsets and pay increments negotiated in a particular package for that time. This means pay increments above inflation have been paid for in other



ways through offsets, and should not be paid for again in the future through pay increments below inflation.

Again, we encourage pilots to view this negotiation through the lens of the present period. Graphs depicted in other analyses contain projected lines below current inflation. These clearly attempt to paint the package analysed in the most favourable light, and do not provide sufficient genuine contextual information for pilots to base their assessment on.

Given these obvious issues, the AFAP continues to be sceptical about both the Company and AIPA's analyses of the benefits and effects of this EA offer.

Summary

The Company's EA9 offer contains some steps in the right direction but these positive steps pale into insignificance when compared to the offsets being asked to pay for them. The AFAP's survey data strongly advises that SH pilots view a wage freeze as only tolerable if the lost increments are made up elsewhere through guaranteed pay mechanisms that benefit all pilots. The context of the inflationary spike and stubbornly sustained high inflation cannot be ignored, and simple accounting demonstrates a significant shortfall in this proposed EA for pilots who have already experienced a significant reduction in purchasing power. The context of the Company's financial activities also cannot be ignored, with price increases for consumers blamed on increasing wage costs.

In diving deeper into the individual items, the lack of guarantees around remuneration derived from structural changes remains the number one concern. Pilots cannot rely on the Company's purported pay gains from these structural changes in their present form, and therefore the concessions being asked of them are far too significant.

The changes needed to make this proposal fair and acceptable are numerous although not out of reach. Some functions in this proposal are conceptually positive, but need improvements to ensure they are not side-stepped by the Company and result in little to no financial gain for the pilots.

The AFAP's position is that fundamentally, the EA offer does not provide the guaranteed neutral financial starting point from which concessions and offsets can be negotiated.

The AFAP have outlined an alternative offer to the company that contains various necessary changes and improvements needed to gain the support of SH pilots as determined by our survey data. The details of this alternative AFAP EA offer are contained in the letter sent to the Company and can be found in the following section.

AFAP Alternative Offer



4 September 2024

Jim Morton
A/ Head Industrial Relations
Qantas Airways Limited

By email: jimmorton@qantas.com.au
cc: Andrew Coull; Douglas Alley

Dear Jim,

Re: Short Haul EA Negotiations

The AFAP elected Qantas Pilot Council (QPC) have taken the opportunity to review the in principle agreement and final draft document provided. As we previously committed, below we provide a position on the changes to the proposed *Qantas Airways Limited Pilots (Short Haul) Enterprise Agreement 2024 (EBA9)* that are required to receive the AFAP's endorsement.

As we have previously outlined, the proposed Agreement addresses many of the AFAP claims and issues discussed during our bargaining meetings. The Agreement does take some steps to fix important structural weaknesses in the current Qantas Short Haul EA that are valuable to our members.

We are concerned however, that Qantas has not appropriately valued the changes agreed by Short Haul pilots as part of the variation of the current Short Haul EA and has failed to deliver on guaranteed pay rises in a high inflation period. We are also concerned that the proposed concessions have not been adequately offset and represent a significant shortfall relative to SH pilots' reasonable expectations, as demonstrated in the results from both of our surveys.

We also regard the proposed additional salary levels without recognition of years of service as punitive on long serving Qantas pilots and reducing the attractiveness of the Short Haul operation. This is particularly exacerbated by the proposed introduction of direct entry Short Haul First Officers.

Agreed Items

The QPC support the following:

- ☐ The introduction of DPC60
- ☐ Open-time bidding facility through WebCIS
- ☐ Minimum pay for AV/BL
- ☐ 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
- ☐ Superannuation changes
- ☐ TRE's, CAT's and TRI's baseline hours increased from 1002 hrs per annum to 1077 hrs per annum

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AFAP endorsement

The main changes we would need to see in this drafting process to gain our support, in line with our counter-offer, are as follows:

Pay:

- ☐ Introduction of years 5 and 6 with a 3% increment per year
- ☐ Pay scales based on years of service in Qantas mainline operations (Short Haul and/or Long Haul), not years in rank.
- ☐ MGH increase to 62 (applicable hourly rate adjusted accordingly)
- ☐ 2025, 2026, 2027 = 3% per year or CPI, whichever is higher

We would be supportive of the following items if they contained the below improvements:

- ☐ Average Daily Credit (ADC) (aka Long Slip Credit) changing to a 1:3.5 hour trip RIG as per our original Log of Claims; and
- ☐ Pattern Credit Guarantee (PCG) commencing at roster publication (similar to the pattern protection proposed in our original log of claims).
- ☐ Paid Standby (reserve) days with the addition of a pre-paid Standby adjustment of +3.6% to the salary tables for 9 'pre-paid' standbys per annum. Additional standbys paid as per the drafted clauses. Voluntary 'dropping' of reserves (pay reduction of 4 credit hours per dropped reserve), bidding for standbys and trading abilities to be included.

General:

Further to the above these items are not agreed:

- ☐ Changes to Duty Travel – the AFAP do not support this change
- ☐ Direct Entry First Officers – the AFAP do not support this change
- ☐ Acceptance of duties notified at sign off – the AFAP do not support this change
- ☐ References to 'the Association' changed to reflect both the AFAP and AIPA recognising the right of AFAP members to representation from its chosen Union

These changes to the existing SHEA, in conjunction with an AFAP inclusive drafting process, would enable the QPC to endorse the document.

Please find enclosed a table outlining our response to the draft document. Please contact us should you wish to discuss further.

Yours sincerely,



Patrick Larkins
Senior Legal/Industrial Officer

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Next Steps

What happens in the event of a no vote?

If SH pilots elect to vote down the proposed EA, the AFAP focus will be on reaching a negotiated outcome as quickly as possible.

The AFAP alternate offer will form the basis of our position which will allow us to move quickly towards a negotiated outcome that is capable of endorsement by the AFAP QPC and which is supported by the SH pilot group.

The approach of the AFAP will be to utilise our resources to reach a negotiated outcome and avoid escalation to protected industrial action (PIA) and/or an application for an intractable bargaining declaration, which we discuss further below.

Following a 'No' vote, there is no legal obligation on Qantas to provide the same offer and all claims may be withdrawn and renegotiated. However, it is important to recognise that Qantas will want to avoid escalation, and that the Qantas EA team have already expressed interest in discussing elements of the AFAP's alternate offer in the event the document is voted down.

Protected Industrial Action (PIA)

The AFAP will only utilise PIA if a negotiated outcome is not possible. In any negotiation the AFAP will only use PIA to extract improvements from an employer when we have exhausted efforts at the bargaining table.

The AFAP needs members to be aware that Qantas has options to respond to PIA including locking out employees or refusing to pay individual Pilots engaging in partial work bans even when a pilot performs their full duties and no flights are delayed (e.g. carrying more fuel than required).

The AFAP have extensive experience of PIA and the strategies involved and utilises internal legal resources and external legal resources to support any PIA campaign. We have engaged in PIA across a number of operators across the industry including in the Qantas Group notably Jetstar pilots in 2019 and more recently Network pilots.

Finally, it is important to emphasise that PIA is a lawful tool for employees under the *Fair Work Act* which involves options for escalation and does not require pilots immediately engage in stoppages of work. There are a number of steps during which the AFAP continue negotiating and seeking to find an agreement without needing pilots to engage in PIA.

Intractable Bargaining

The AFAP have been the lead on the Network Intractable Bargaining process and are acutely aware of the process involved. An outcome from this process is not expected until early next year.

We recognise that given more than 9 months has passed since the nominal expiry date of the current SH EA, under the *Fair Work Act* Qantas (or the AFAP) are able to apply for an



intractable bargaining declaration in respect of this negotiation. However, it is important to note this does not mean that the conditions have been met for this application to be granted by the Fair Work Commission (FWC) as it depends on the facts in each negotiation.

The AFAP are reticent to ever hand control of the terms and conditions of our members to a third party. The end point of this process is an arbitrated outcome, which means a FWC Full Bench determines Qantas SH pilots' terms and conditions.

This is inherently uncertain and our preference is for a negotiated outcome that is voted up by SH pilots so that SH pilots have control over their terms and conditions of employment.

The other issue with this process is the timeframe. The parties would first need to participate in conciliation at the FWC, the timeframe of which is determined by the FWC. Even if granted the order can then specify a "post-declaration negotiating period" which is set by the FWC.

If after this the parties have not settled the matters in dispute in bargaining, then the FWC has the power to impose a workplace determination on the Employer and Employees. In making its decision on what terms to include in the determination, the FWC must take into account "ensuring that the employer is able to remain competitive" and "how productivity might be improved in the enterprise." Giving the amount of evidence and material required and potential preliminary hearings the timeline to an outcome can take many months.

Summary

The AFAP approach is to focus on a negotiated outcome, only utilising escalation to PIA if absolutely necessary. We are confident that given our alternate offer is not significantly far from the EA on offer, a negotiated outcome in a short timeframe is possible provided Qantas continue to engage constructively with the AFAP.



Appendix

Appendix A – Tabled response to EA changes

Drafting Changes

The below table contains AFAP's position on the various changes contained within the drafting document. Minor numerical and grammatical changes have not been included. Changes, other than numerical and grammatical changes, not contained in the below table can be considered 'not supported'.

Clause No.	AFAP Response
5	AFAP support removing reference to standby pay in 5.1.1
Definitions – Hourly Rate	AFAP do not support this change. See above for the change necessary for AFAP support
Definitions - DPC	AFAP support this change
Definitions - FOT	AFAP do not support this addition (on the basis the AFAP do not support direct entry FO)
Definitions – Flying Pattern	AFAP support this change
Definitions - MGH	AFAP do not support this change. See above for the change necessary for AFAP support
Definitions – Passive Credit	AFAP support this change
Definitions – PCG pattern	AFAP support this addition subject to the PCG applying from roster publish
Definitions – PCG window	AFAP support this addition subject to the PCG applying from roster publish
Definitions – Type Rating	AFAP support this change
16.1.9-11	AFAP do not support this addition (on the basis the AFAP do not support direct entry FO)
16.3.16	AFAP support this change
16.5.4 & 16.5.5	AFAP support this change
16.7	AFAP do not support this addition (on the basis the AFAP do not support direct entry FO)
17.1	AFAP do not support these changes (on the basis the AFAP do not support direct entry FO)
19.2	AFAP do not support these changes (on the basis the AFAP do not support direct entry FO)
20	AFAP support these changes, subject to the inclusions contained in the AFAP's counter-offer
22.1.8	AFAP support these changes
22.2.6	AFAP support these changes
22.4.6	AFAP support these changes
27.1-5	AFAP do not support these changes. See above for the changes to pay necessary for AFAP support NB: the AFAP draw attention to the rates for FOTs being significantly below the Award raising a BOOT issue

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27.7.11	AFAP do not support these changes (on the basis the AFAP do not support direct entry FO)
27.8	AFAP support these changes
28.1.1 (b)	AFAP do not support this change. See above change related to Trip RIG necessary for AFAP support
28.1.1 (d)	AFAP support this change
28.1.1 (e)	AFAP support this change subject to the addition of the 'pre-paid standby' function contained in AFAP's counter-offer
28.1.1 (f)	AFAP support this change
28.1.1 (g)	AFAP support this change subject to the addition of the 'Trip RIG' function contained in AFAP's counter-offer
28.1.2	AFAP support this change
28.1.4	AFAP do not support this change. See above the Trip RIG inclusion necessary for AFAP's support
28.1.6	AFAP support this change
28.1.7	AFAP support this change subject to the inclusion of the 'Pre-paid standby' function contained in the AFAP counter-offer
28.1.8	AFAP support this change
28.2.1	AFAP support this change subject to the PCG applying from roster publish
28.3	AFAP support this addition subject to clause 28.3.3 changing to the below:
28.3.3	AFAP support this addition subject to the following change: <i>Pattern Credit Guarantee will apply to modifications or cancellations made during the period commencing from roster publish for a Flying Pattern and continues to apply to changes made up to sign off from the Flying Pattern (the PCG Pattern).</i>
28.4	AFAP support this addition subject to the addition of the 'pre-paid standby' function contained in AFAP's counter-offer
28.5	AFAP support this addition
28.10	AFAP do not support these changes. Removal of reference to 'Reserve days' and 'days that attract a passive credit exclusively' is necessary for AFAP support. Changes to the paragraphs mentioning long slip credit to reflect changes contained in AFAP's counter-offer also necessary for AFAP support
31.2	AFAP support this change
33.2	AFAP support this change
36.2	AFAP support this removal subject to the addition of the Trip RIG function contained in the AFAP counter-offer
36.3	AFAP support this removal subject to the addition of the Trip RIG function contained in the AFAP counter-offer

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38.5.1	AFAP support this change
38.5.2	AFAP support this change subject to a flexi-line cap being established (similar to the LHEA) of at least 15% of the establishment in category
38.5.6	AFAP support these changes
38.6-9	AFAP support these changes
39.3	AFAP support these changes
44.1.14	AFAP support these changes
46.1	AFAP support these changes
47.4	AFAP support this addition
48	AFAP do not support these changes
50.1	AFAP do not support these changes
RM30.1	AFAP support this change
RM37.1	AFAP support this addition
RM42.3	AFAP do not support these additions
RM42.4	AFAP support these changes
RM42.5	AFAP support this change subject to the PCG applying from roster publish
RM46.1	AFAP support these changes, subject to the inclusions contained in the AFAP's counter-offer
RM Part E	AFAP support these changes subject to the inclusion of the 'Pre-paid standby' function contained in the AFAP counter-offer
RM66.6	AFAP support this addition
RM69	AFAP support these changes
RM74.5	AFAP support this change, subject to the inclusions contained in the AFAP's counter-offer
RM76	AFAP support these additions, subject to the inclusions contained in the AFAP's counter-offer
RM Part H	AFAP support these additions, subject to the inclusions contained in the AFAP's counter-offer
Appendix E	AFAP support this addition
Schedule 1	AFAP do not support this schedule (contains items AFAP do not support)
Schedule 4	AFAP support these additions