

The Senate

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Rural and Regional Affairs and  
Transport References Committee

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The future of Australia's aviation sector, in  
the context of COVID-19 and conditions  
post pandemic

March 2022

© Commonwealth of Australia

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# List of Recommendations

## Recommendation 1

4.100 The committee recommends that the Australian Government adopts Recommendations 16 and 17 from the Senate Select Committee on Job Security's *Third interim report: labour hire and contracting*:

### Recommendation 16

The committee recognises the merit of an independent body with the power to make and enforce binding standards on aviation supply chain participants, including airports and their central role. Those standards include 'same job, same pay' for outsourced and labour hire workers performing functions directly connected to aviation operations, job security protections, and fair procurement standards. The committee recommends the Australian Government consults with industry participants, including unions, employers, and other stakeholders on the development of this body.

### Recommendation 17

The committee recommends the Australian Government imposes obligations upon companies in receipt of future public bailouts, which prioritise job security and guarantee that companies cannot follow Qantas' lead, and exploit emergencies to engage in illegal workforce restructuring.

## Recommendation 2

4.109 The committee recommends that the Australian Government urgently works with industry, unions professional associations, and aviation sector experts, to prepare a comprehensive white paper on the future of the aviation sector post-pandemic, including aviation workforce issues such as:

- the ongoing impacts of job insecurity, wage decline and the erosion of safe work conditions on the aviation workforce, in the context of the pandemic and the sector's recovery;
- measures to lift wages, conditions and standards at airlines and airports around Australia, including aviation workers performing the same job are entitled to the same pay, and holding airlines and others at the top of aviation supply chains responsible for standards throughout the chain;
- options for lifting workforce supply to support the projected growth in aviation activity; and
- approaches to ensuring that workforce growth results in the creation of a sustainable, highly-skilled and secure workforce for the long-term.

**Outcomes from the white paper process should inform a national plan for investing in aviation sector workforce retention, training and capacity building to ensure sustainability over the medium and long-term.**

### **Recommendation 3**

**5.98 The committee recommends that the Australian Government consults and communicates closely with industry, professional associations and trade unions in the design and delivery of future aviation support measures.**

### **Recommendation 4**

**5.104 The committee recommends that any future crisis support provided by the Australian Government to the aviation sector be conditional upon recipient entities retaining skills and capacity in the sector. Initiatives designed to retain capacity should specify that workers must be retained, that their pay and conditions should not be reduced, and should set out the amount that workers should be paid under the assistance.**

### **Recommendation 5**

**5.108 To committee recommends that to assist with enforcing these conditions and expectations associated with future crisis support payments, and in recognition of aviation's critical contribution to national security, supply chains and sovereignty, that the Australian Government considers acquiring an equity stake in support recipients as part of the support agreement.**

### **Recommendation 6**

**5.114 The committee recommends that the Australian Government provides ongoing and targeted assistance to support the retention, training, certification and recertification of aviation workers throughout the recovery period.**

### **Recommendation 7**

**5.115 The committee recommends that the Australian Government, in consultation with unions, professional associations, airlines, labour hire companies and training providers:**

- identifies the long-term training needs for the aviation sector;**
- examines where future pressures lie;**
- develops a program of skills development targeted at the aviation sector;**
- and**
- develops initiatives to ensure the industry remains internationally competitive in retaining key staff and attracting new entrants to the workforce.**



## **Recommendation 8**

**5.116 The committee recommends that the Australian Government urgently considers the skills needed across the sector, and the best means of retaining those skilled workers, including developing a scheme that provides financial support directly to pilots, engineers and other highly skilled, in-demand aviation professionals to assist in maintaining their accreditation and training requirements.**

## **Recommendation 9**

**6.100 The committee recommends the Australian Government leverages its procurement processes and spending within the aviation sector to protect and lift standards, promote fair wages, conditions and job security, and ensure the effective operation of an aviation industry in the national interest.**



# Members

## Chair

Senator Glenn Sterle ALP, WA

## Deputy Chair

Senator Susan McDonald NATS, QLD

## Members

Senator Raff Ciccone ALP, VIC

Senator Malarndirri McCarthy ALP, NT

Senator Greg Mirabella LP, VIC  
(from 2 December 2021)

Senator Peter Whish-Wilson AG, TAS

## Substitute Members

Senator Tony Sheldon ALP, NSW  
(To replace Senator Glenn Sterle for a public hearing in Sydney on 3 March 2022)

## Participating Members

Senator Catryna Bilyk ALP, TAS

Senator Deborah O'Neill ALP, NSW

Senator Janet Rice AG, VIC

Senator Tony Sheldon ALP, NSW

## Former Members

Senator Nita Green ALP, QLD  
(to 16 March 2021)

Senator Gerard Rennick LP, QLD  
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# Chapter 1

## Introduction

### Referral of inquiry

1.1 On 9 November 2020, the following matters were referred to the Senate Rural and Regional Affairs and Transport References Committee (the committee) for inquiry and report by 31 March 2021:

The future of Australia's aviation sector, in the context of COVID-19 and conditions post-pandemic, having particular regard to:

- (a) the importance of Australia's aviation sector in supporting the economic and social wellbeing of all Australians;
- (b) the immediate and long-term impacts of the COVID-19 pandemic response on all aspects of the Australian aviation sector;
- (c) the immediate and long-term impacts of the COVID-19 pandemic response on all sectors that rely on aviation (e.g. tourism);
- (d) the adequacy of government industry support and procurement and programs for the social and economic well-being of workers for all sections of the aviation industry to survive the downturn caused by the pandemic;
- (e) the immediate and long-term employment landscape within Australia's aviation sector;
- (f) what policy and practical measures would be required to assist the industry to recover in the medium term; and
- (g) any related matters.

1.2 The Senate granted three extensions of time to report, enabling the committee to continue gathering evidence and monitoring the evolving situation:

- On 18 February 2021, the Senate granted an extension of time to report until 13 May 2021.<sup>1</sup>
- On 13 May 2021, the Senate granted a further extension of time to report until 21 October 2021.<sup>2</sup>
- On 21 October 2021, the Senate granted a further extension of time to report until 17 March 2022.<sup>3</sup>

1.3 On 18 March 2021, the committee tabled an interim report for the inquiry.

### Conduct of the inquiry

1.4 The committee commenced the inquiry in November 2020, advertising the inquiry on its website and inviting submissions from a range of relevant

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<sup>1</sup> *Journals of the Senate*, No. 88, 18 February 2021, p. 3112.

<sup>2</sup> *Journals of the Senate*, No. 99, 13 May 2021, p. 3506.

<sup>3</sup> *Journals of the Senate*, No. 125, 21 October 2021, p. 4223.

stakeholders, including government agencies, industry, community groups and individuals. Details regarding the inquiry and associated documents are available on the committee's webpage.

- 1.5 The committee received 35 submissions and five supplementary submissions which are listed at Appendix 1 and are published on the committee's website.
- 1.6 The committee held eight public hearing:
  - 28 January 2021, Brisbane;
  - 29 January 2021, Brisbane;
  - 10 February 2021, Sydney;
  - 3 March 2021, Canberra;
  - 4 March 2021, Canberra;
  - 6 September 2021, Canberra;
  - 8 September 2021, Canberra; and
  - 3 March 2022, Sydney.
- 1.7 A list of the witnesses who gave evidence at the public hearings is available at Appendix 2.

## **Acknowledgments**

- 1.8 Throughout this inquiry, the committee has engaged with a wide range of stakeholders across both the aviation and tourism sectors to ensure it heard diverse perspectives on the impacts of COVID-19. The committee thanks those individuals and organisations who contributed to this inquiry by preparing written submissions and giving evidence at public hearings.

## **References to Hansard**

- 1.9 In this report, references are made to both proof and official committee transcripts. Official transcripts are referred to simply as *Committee Hansard*. Proof transcripts are referred to as *Proof Committee Hansard*. Page numbers may vary between proof and official transcripts.

## **Interim report**

- 1.10 Evidence and analysis of the immediate impact of the pandemic on the aviation workforce formed the basis for the committee's interim report, published on 17 March 2022.<sup>4</sup> In its interim report, the committee concluded that a strong aviation sector is key to Australia's prosperity and economic recovery from COVID-19. It also found that JobKeeper had not provided adequate financial assistance to aviation workers. The committee recommended the extension of JobKeeper—or an equivalent wage subsidy—

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<sup>4</sup> Senate Rural and Regional Affairs and Transport References Committee, [Future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic: Interim report](#), March 2021 (accessed 4 March 2022).

beyond the 28 March 2021 end date, to all Australian taxpayers employed in the aviation sector. Despite strong evidence in favour of the scheme's continuation, JobKeeper concluded on 28 March 2021.

- 1.11 The pandemic has highlighted the vulnerability and extent of insecure work in aviation. Over the course of the inquiry, the committee has heard evidence regarding actions taken by some aviation employers in response to COVID-19; including standdowns, outsourcing, redundancies and suspended enterprise bargaining.

## The final report

- 1.12 In response to the pandemic, the Australian Government introduced various supports and financial assistance measures—initially totalling over \$2 billion—intended to maintain essential air connectivity, preserve aviation capacity and protect supply lines.<sup>5</sup> By the time of tabling this report, the Australian Government had 'committed over \$5.3 billion in assistance since the emergence of the pandemic in 2020'.<sup>6</sup>
- 1.13 A number of inquiry participants reported that the support provided was inadequate, or poorly targeted, while others raised concerns around the long-term recovery of the sector.
- 1.14 Since tabling the committee's interim report, COVID-19 has continued to impact the aviation sector and skilled aviation workers have been especially affected. The committee sought further evidence to better understand the long-term impacts of COVID-19 on aviation workers, as well as identifying opportunities to improve job security, support attraction and retention of employees, and safeguard the future of the aviation workforce.
- 1.15 Many of the core governance and policy challenges for the Australian Government stemming from the COVID-19 pandemic—such as regulatory burden, airline competition and policy coordination—were raised consistently throughout the inquiry. While these important issues have clear implications for the aviation sector, many have recently been, or are being, examined in detail in other inquiries and reports.<sup>7</sup> This report discusses the

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<sup>5</sup> Department of Infrastructure, Transport, Regional Development and Communications (DITRDC), *Submission 20*, p. 1.

<sup>6</sup> Australian Government, [Aviation Recovery Framework](#), December 2021, p. 5 (accessed 28 February 2022).

<sup>7</sup> DITRDC, *Aviation Recovery Framework*, December 2021; DITRDC, [The Future of Australia's Aviation Sector: Flying to Recovery](#), *Issues Paper 2020*, August 2020; Australian Competition and Consumer Commission, [Airline competition in Australia](#), *Report 5*, September 2021; Australian National Audit Office, *COVID-19 Support to the Aviation Sector*, [www.anao.gov.au/work/performance-audit/covid-19-support-to-the-aviation-sector](http://www.anao.gov.au/work/performance-audit/covid-19-support-to-the-aviation-sector) (accessed 17 January 2022).

impacts of these broader challenges on the aviation sector, and makes related recommendations, but does not purport to analyse them comprehensively.

### *Structure of the report*

1.16 The information contained in this report is to be read in conjunction with the interim report.

1.17 This report contains the following chapters:

- Chapter 1 is an introductory chapter which briefly outlines the context and administrative details of the inquiry, including the committee's interim report.
- Chapter 2 outlines the Australian Government's response to the pandemic, providing a timeline of key events and a summary of policy responses and support initiatives.
- Chapter 3 presents evidence from inquiry participants on the ongoing impacts of the pandemic on the aviation sector.
- Chapter 4 considers the impacts of pandemic response measures on the aviation workforce, including the loss of skilled aviation workers and future workforce supply issues.
- Chapter 5 analyses initiatives aimed at supporting and maintaining the aviation workforce through the pandemic, and considers options for future reform.
- Chapter 6 looks at the future of Australian aviation, including: the role of the Australian Government in aviation policy and coordination; the Government's *Aviation Recovery Framework*; support for airports; and competition issues.



# Chapter 2

## Government response to the pandemic

- 2.1 Measures taken from March 2020 by state and territory governments and the Commonwealth which were designed to control the spread of COVID-19 had swift and devastating impacts on the aviation sector. To soften the impact on the sector and its workers, a number of supports and initiatives were put in place—with varying degrees of success.
- 2.2 This chapter provides an overview of the Australian Government response to the pandemic as it relates to the aviation sector. It begins with a timeline of key events in the COVID-19 response, before providing an overview of the major initiatives and support packages.
- 2.3 The chapter concludes by reiterating a key finding from the committee's interim report—that ongoing financial support to the aviation sector is *critical* if the Australian aviation sector and workforce are to be able to rebuild and meet demand in a post-pandemic world.

### Government response to COVID-19

**Table 2.1** Timeline of key events in the COVID-19 pandemic response

Date	Key event
20 March 2020	International borders closed to non-citizens and non-residents. <sup>1</sup>
24 March 2020	The Australian Government announced a ban on Australians travelling overseas. <sup>2</sup>
30 March 2020	The Australian Government announced the introduction of the JobKeeper Payment. <sup>3</sup>
11 March 2021	The Australian Government announced a \$1.2 billion support package for aviation and tourism sectors. <sup>4</sup>

<sup>1</sup> The Hon Scott Morrison MP, Prime Minister, Senator the Hon Marise Payne, Minister for Foreign Affairs, Minister for Women, the Hon Peter Dutton, Minister for Home Affairs, ['Border restrictions'](#), *Media Release*, 19 March 2021 (accessed 17 February 2022).

<sup>2</sup> The Hon Scott Morrison MP, Prime Minister, ['Update on coronavirus measures'](#), *Media Release*, 24 March 2021 (accessed 17 February 2022).

<sup>3</sup> The Hon Scott Morrison MP, Prime Minister, and the Hon Josh Frydenberg MP, Treasurer, ['130 billion JobKeeper payment to keep Australians in a job'](#), *Media Release*, 30 March 2020, (accessed 17 February 2022).

<sup>4</sup> The Hon Barnaby Joyce MP, Deputy Prime Minister, ['Keeping domestic aviation ready for takeoff'](#), *Media Release*, 2 August 2021 (accessed 17 February 2022).

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28 March 2021	The JobKeeper Payment ended. <sup>5</sup>
18 April 2021	Quarantine-free travel opened between Australia and New Zealand as part of the Safe Travel Zone. <sup>6</sup>
6 August 2021	The National Cabinet agreed to the <i>National Plan to transition Australia's National COVID-19 Response</i> . <sup>7</sup>
1 November 2021	Fully vaccinated Australian citizens and permanent residents could travel overseas without an exemption. <sup>8</sup>
5 November 2021	80 per cent of Australians over 16 were now fully vaccinated. <sup>9</sup>
15 December 2021	Fully vaccinated eligible visa holders no longer needed an exemption to travel to and from Australia. This included international students with a valid visa. <sup>10</sup>
20 December 2021	The Australian Government released the <i>Aviation Recovery Framework</i> . <sup>11</sup>
7 February 2022	National Security Committee of Cabinet decided that Australia would reopen its borders to 'all remaining visa holders' on 21 February 2022. Travellers must be double-vaccinated. <sup>12</sup>
21 February 2022	As planned, Australian borders reopen to international flights for vaccinated travellers, 'as tourists returned

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<sup>5</sup> The Treasury, Economic Response to the Coronavirus—JobKeeper Extension, <https://treasury.gov.au/coronavirus/jobkeeper/extension> (accessed 4 February 2021).

<sup>6</sup> The Hon Scott Morrison MP, Prime Minister, '[Commencement of two-way quarantine-free travel between Australia and New Zealand](#)', *Media Release*, 19 April 2021 (accessed 17 February 2022).

<sup>7</sup> The Hon Scott Morrison MP, Prime Minister, '[National Cabinet Statement](#)', *Media Release*, 6 August 2021 (accessed 17 February 2022).

<sup>8</sup> The Hon Karen Andrews MP, Minister for Home Affairs, and the Hon Greg Hunt MP, Minister for Health, '[Fully vaccinated Australians ready for take-off from 1 November 2021](#)', *Media Release*, 27 October 2021 (accessed 17 February 2022).

<sup>9</sup> The Hon Scott Morrison MP, Prime Minister, '[Press conference](#)', *Transcript*, 7 February 2022, Canberra (accessed 17 February 2022).

<sup>10</sup> Department of Home Affairs, *COVID-19 and the border*, last updated 20 January 2022, <https://covid19.homeaffairs.gov.au/vaccinated-travellers> (accessed 21 January 2022).

<sup>11</sup> DITRDC, [Aviation Recovery Framework: Flying to Recovery](#), December 2021 (accessed 21 January 2022).

<sup>12</sup> The Hon Scott Morrison MP, Prime Minister, '[National Cabinet Statement](#)', *Media Release*, 6 August 2021 (accessed 17 February 2022).

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and hundreds of people were reunited with family and friends'.<sup>13</sup>

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### *Border closures, hotel quarantine and lockdowns*

- 2.4 A number of measures were introduced to avoid or manage COVID-19 outbreaks in Australia, including: quarantine regimes, interstate and international border closures, limits on non-essential travel and 'stay at home' orders.
- 2.5 All states and territories imposed border restrictions to varying degrees to reduce the possibility of COVID-19 being transmitted across state borders. Changes to these interstate border restrictions have been numerous, and often accompanied by testing, quarantine and travel permit requirements, with penalties and fines for non-compliance.<sup>14</sup>
- 2.6 In addition, international closures dramatically limited the operations of airlines and businesses throughout the air transport supply chain. From 20 March 2020, Australia closed its borders to non-citizens and non-residents. A week later, the Prime Minister announced that a 14-day hotel quarantine system would house people returning to Australia.<sup>15</sup>
- 2.7 Under the *National Plan to transition Australia's National COVID-19 Response* (National Plan), the state premiers and chief ministers agreed to reopen inward and outward international travel when 80 per cent of the adult population was fully vaccinated. At this point, the plan would include 'safe countries and proportionate quarantine and reduced requirements for fully vaccinated inbound travellers'.<sup>16</sup>
- 2.8 Australia reached the vaccination threshold of 80 per cent in November 2021 and, in line with the National Plan, Australia's international border was gradually reopened, first to vaccinated travellers from New Zealand and later from Singapore. Despite delays due to the emergence of the Omicron variant, Australia reopened to international skilled and student cohorts, as well as humanitarian, working holiday maker and provisional family visa holders,

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<sup>13</sup> Renju Jose, '[Welcome back world!': Australia fully reopens borders after two years](#)', *Reuters*, 21 February 2022 (accessed 22 February 2022).

<sup>14</sup> See, for example, the Hon Mark McGowan MP, Premier of Western Australia, '[WA introduces hard border with Queensland immediately](#)', *Media Release*, 29 March 2021 (accessed 21 January 2022).

<sup>15</sup> The Hon Scott Morrison MP, Prime Minister, '[Update on coronavirus measures](#)', *Media Release*, 27 March 2021 (accessed 21 January 2022).

<sup>16</sup> Australian Government, '[National Plan to transition Australia's National COVID-19 Response](#)' (accessed 22 February 2022).

and travellers from Japan and the Republic of Korea on 15 December 2021.<sup>17</sup> Australia's international border reopened to remaining fully-vaccinated travellers on 21 February 2022.<sup>18</sup>

- 2.9 The wide-ranging impacts of these measures on the aviation sector are discussed in Chapter 3.

### *Aviation support packages*

- 2.10 The aviation sector has been the target of numerous government policies in response to the COVID-19 crisis. This includes a suite of loans, wage subsidies, grants and other initiatives across all levels of government. The following section provides an overview of the key support measures provided by the Australian Government.
- 2.11 On 17 March 2020, the Australian Government announced the Australian Airline Financial Relief Package; a package of measures for the Qantas Group (Qantas), Virgin Australia (Virgin) and regional airlines affected by COVID-19-related measures.<sup>19</sup>
- 2.12 Then, on 28 March 2020, two new grant programs were announced as part of the Australian Government's \$1 billion COVID-19 Relief and Recovery Fund: the Regional Airlines Funding Assistance program and the Regional Airline Networks Support (RANS) program.<sup>20</sup>
- 2.13 The following month, the Australian Government announced the Domestic Aviation Network Support (DANS) program to subsidise the cost of operating a minimum domestic aviation network.<sup>21</sup>

### **JobKeeper payment scheme**

- 2.14 On 30 March 2020, the Australian Government established the JobKeeper Payment scheme (JobKeeper), which was a subsidy for businesses significantly affected by COVID-19. JobKeeper enabled businesses to retain their employees where COVID-related restrictions on movement reduced revenue.

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<sup>17</sup> Prime Minister, Deputy Prime Minister, Minister for Infrastructure, Minister for Infrastructure, Transport and Regional Development, Minister for Foreign Affairs, Minister for Women, Minister for Health and Aged Care, Minister for Home Affairs, ['Pause to further easing of border restrictions'](#), *Media Release*, 29 November 2021 (accessed 21 January 2022).

<sup>18</sup> Renju Jose, "Welcome back world!": Australia fully reopens borders after two years', *Reuters*, 21 February 2022.

<sup>19</sup> The Hon Michael McCormack MP, Deputy Prime Minister, ['Relief package for Australian aviation industry'](#), *Media Release*, 18 March 2020 (accessed 3 March 2021).

<sup>20</sup> The Hon Michael McCormack MP, Deputy Prime Minister, ['Additional new support for critical regional aviation services through COVID-19'](#), *Media Release* (accessed 28 March 2020).

<sup>21</sup> The Hon Michael McCormack MP, Deputy Prime Minister, ['Federal Government guarantees domestic aviation network'](#), *Media Release*, 16 April 2020 (accessed 3 March 2021).

2.15 According to the Hon Josh Frydenberg MP, Treasurer:

JobKeeper was an economic lifeline which helped keep around a million businesses in business and 3.8 million Australians in a job at the height of the pandemic. The RBA estimated that JobKeeper saved at least 700 000 jobs.<sup>22</sup>

2.16 In the first phase of JobKeeper (30 March to 27 September 2020), eligible businesses and not-for-profits that could demonstrate a sufficient decline in revenue during the pandemic were able to receive \$1500 (before tax) per fortnight per employee to cover the cost of wages.<sup>23</sup> During the extension phase of JobKeeper (28 September 2020 to 28 March 2021), the payment was tapered and targeted to those businesses that continued to be significantly affected by the economic downturn.<sup>24</sup>

2.17 JobKeeper concluded on 28 March 2021. However, an overwhelming majority of inquiry participants criticised the decision to end JobKeeper. This evidence was canvassed in the committee's interim report and is briefly discussed in Chapter 4.

### **\$1.2 billion aviation and tourism support package**

2.18 Replacing JobKeeper for the aviation sector, in March 2021 the Australian Government announced a \$1.2 billion aviation and tourism support package.<sup>25</sup> Measures in the support package included:

- 800 000 subsidised air fares to key tourist destinations under a Tourism Aviation Network Support (TANS) program;
- International Aviation Support to help Australia's international passenger airlines maintain more than 8000 international aviation jobs;
- support for regular passenger airports to meet their domestic security screening costs;
- a new Aviation Services Assistance Support program to help ground-handling companies meet the costs of mandatory training, certification and accreditation; and

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<sup>22</sup> The Hon Josh Frydenberg MP, Treasurer, '[JobKeeper](#)', *Media Release*, 28 March 2021 (accessed 13 December 2021).

<sup>23</sup> The Hon Scott Morrison MP, Prime Minister, and the Hon Josh Frydenberg MP, Treasurer, '[130 billion JobKeeper payment to keep Australians in a job](#)', *Media Release*, 30 March 2020 (accessed 4 February 2021).

<sup>24</sup> For further information, see: The Treasury, *JobKeeper Payment*, <https://treasury.gov.au/coronavirus/jobkeeper> (accessed 10 December 2021).

<sup>25</sup> The Hon Scott Morrison MP, Prime Minister, the Hon Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, and the Hon Dan Tehan MP, Minister for Trade, Tourism and Investment, '[Tourism and aviation's flight path to recovery](#)', *Media Release*, 11 March 2021 (accessed 10 December 2021).

- the reinstatement of domestic aviation security screening cost rebates for more than 50 regular passenger airports.<sup>26</sup>
- 2.19 In addition, the Australian Government extended the following programs to 30 September 2021:
- the DANS and RANS programs (subsequently extended to 31 December 2021 and 31 March 2022, respectively);
  - the 50 per cent waiver of domestic air services charges for Regular Public Transport and aeromedical flights (subsequently extended to 31 January 2021); and
  - the International Freight Assistance Mechanism (subsequently extended to mid-2022).<sup>27</sup>
- 2.20 This support is discussed in further detail in the following chapters.

### *Aviation Recovery Framework*

2.21 The Australian Government released the *Aviation Recovery Framework* (the Framework) on 20 December 2021.<sup>28</sup> The Framework outlines the Australian Government's response to COVID-19 and details how it intends to support recovery in the aviation sector. The Framework also sets out new policies to reposition aviation post-pandemic. The Hon Barnaby Joyce, Deputy Prime Minister, explained that:

The Framework builds on the assistance we have provided to date and will provide the policy and financial settings aviation operators need to recover strongly and grow on the other side of the pandemic.<sup>29</sup>

- 2.22 The Framework contains six strategic priorities, as follows:
- supporting aviation efficiency by targeting investment and reforming regulation;
  - building a sustainable pipeline of workforce skills for the future;
  - adopting and integrating emerging aviation technologies, including drones;
  - modernising airport infrastructure and regulation;
  - recognising General Aviation as a key component of the aviation ecosystem and identifying opportunities to refine its regulatory framework; and

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<sup>26</sup> 'Tourism and aviation's flight path to recovery', *Media Release*, 11 March 2021.

<sup>27</sup> 'Tourism and aviation's flight path to recovery', *Media Release*, 11 March 2021; the Hon Barnaby Joyce, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Hon David Littleproud MP, Minister for Agriculture and Northern Australia, and the Hon Dan Tehan, Minister for Trade, Tourism and Investment, ['Emergency freight support extended to help Australian businesses'](#), *Media Release*, 27 August 2021 (accessed 22 February 2022).

<sup>28</sup> DITRDC, *Aviation Recovery Framework*, December 2021.

<sup>29</sup> The Hon Barnaby Joyce MP, Deputy Prime Minister, ['Setting Australia's aviation industry on a course to recovery'](#), *Media Release*, 20 December 2021 (accessed 22 February 2022).

- better connecting regional communities by providing targeted support for access to essential aviation services and investing in regional aviation infrastructure.<sup>30</sup>

2.23 The Framework was accompanied by \$78 million in new funding comprised of:

- a \$30 million rebate program to support general and recreational aviation operators to install critical safety-boosting technology in their aircraft;
- a further \$4 million to extend the Women in the Aviation Industry Initiative;
- a \$32.6 million Emerging Aviation Technology Partnerships Program which will accelerate the development of new aviation technology, such as drones;
- extending the Regional Airline Network Support program until 31 March 2022;
- up to \$29 million in grants under a third round of the Regional Airports Program to improve the safety and accessibility of airports or aerodromes in regional Australia; and
- a further \$15 million in grants to upgrade remote and very remote aerodromes across Australia under the Remote Airstrip Upgrade program.<sup>31</sup>

### **Future of Australia's Aviation Sector Issues Paper**

2.24 To inform the Framework, the Department of Infrastructure, Transport, Regional Development and Communications released the *Future of Australia's Aviation Sector Issues Paper* (the Issues Paper) in October 2020. The Department received 68 submissions in response, and held virtual consultations with over 70 organisations.<sup>32</sup> A number of these submissions were also shared with the committee by submitters.<sup>33</sup>

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<sup>30</sup> DITRDC, *Aviation Recovery Framework*, December 2021, p. 9.

<sup>31</sup> 'Setting Australia's aviation industry on a course to recovery', *Media Release*, 20 December 2021.

<sup>32</sup> Ms Janet Quigley, First Assistant Secretary, Domestic Aviation and Reform, Department of Infrastructure, Transport, Regional Development and Communications (DITRDC), *Proof Committee Hansard*, 4 March 2021, p. 4.

<sup>33</sup> See, for example: Canberra Airport, *Submission 10*; Australian and International Air Pilots Association, *Submission 14*; Australian Airports Association, *Submission 16*, Attachment 1; Australian Aviation Ground Handlers Industry Alliance, *Submission 24*; Adelaide Airport Limited and Parafield Airport Limited, *Submission 7*.

2.25 The Issues Paper explored Australian Government support for aviation during the COVID-19 crisis and canvassed a range of reform options, for implementation over five years, to strengthen aviation as COVID-19 restrictions are lifted.<sup>34</sup> Many of the matters raised in the Issues Paper correspond with the inquiry's terms of reference and evidence provided by inquiry participants. This includes:

- demand management at Sydney Airport;
- airline access to domestic and international routes;
- facilitating new and emerging technologies;
- safe, secure and environmentally sustainable aviation;
- local decision making at federally-leased airports;
- local government owned aerodromes;
- funding of regional airports;
- aviation skills and workforce development; and
- sustainable funding for Australian aviation services.<sup>35</sup>

2.26 The committee welcomes the Australian Government's investigation of these issues through the Issues Paper and stakeholder consultation. This report represents an opportunity to revisit these issues to inform the Framework and its implementation.

### **The need for ongoing support**

2.27 One theme that emerged when considering the impacts of the pandemic response on Australian aviation was that Australian Government assistance to the industry—originally designed as a series of short-term measures—would need to continue until it became clear that a meaningful and sustainable recovery was underway. A similar finding was made by the Future of Aviation Reference Panel, which was established to consult on the Future of Australia's Aviation Sector Issues Paper.<sup>36</sup>

2.28 The committee heard that the DANS and RANS programs—initially intended to provide assistance to 28 March 2021—were two such measures. Ms Jayne Hrdlicka, Chief Executive Officer and Managing Director of Virgin, explained that these programs 'maintain vital infrastructure and connectivity and give us built-in safeguards that enable a supports roll-off as the demand normalises';<sup>37</sup> while Mr Andrew Parker, Group Executive, Government, Industry, International and Sustainability at Qantas, argued that 'the

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<sup>34</sup> DITRDC, *Submission 20*, p. 24.

<sup>35</sup> DITRDC, [The Future of Australia's Aviation Sector: Flying to Recovery, Issues Paper 2020](#), August 2020 (accessed 8 March 2022).

<sup>36</sup> Future of Aviation Reference Panel, [Report](#), March 2021.

<sup>37</sup> Ms Jayne Hrdlicka, Chief Executive Officer and Managing Director, Virgin Australia, *Committee Hansard*, 29 January 2021, p. 3.



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continuation of these models is critical' and 'the role they play is highly important'.<sup>38</sup>

- 2.29 There was also strong support from industry for a continuation of the Australian Airline Financial Relief Package and the International Freight Assistance Mechanism.<sup>39</sup>
- 2.30 The committee received overwhelming evidence of a need for ongoing support more broadly. Mr Scott Connolly, Assistant Secretary of the Australian Council of Trade Unions Inquiry, observed that it is 'self-evident that that uncertainty is guaranteed going forward ... [so] the need for ongoing support is palpable'.<sup>40</sup>
- 2.31 For Mr Daniel Gschwind, Chief Executive of the Queensland Tourism Industry Council, Australian Government support for airlines and the aviation industry had been crucial. When asked whether there was a need to continue such measures, he replied: 'Absolutely, yes'.<sup>41</sup>
- 2.32 Evidence about the need for ongoing support to the aviation sector cuts across the suite of support measures. The committee considers evidence relating to the efficacy of specific measures in subsequent chapters.

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<sup>38</sup> Mr Andrew Parker, Group Executive, Government, Industry, International and Sustainability, Qantas Airways Ltd, *Proof Committee Hansard*, 3 March 2021, p. 17.

<sup>39</sup> See, for example: Queensland Airports Limited, *Submission 6*.

<sup>40</sup> Mr Scott Connolly, Assistant Secretary, Australian Council of Trade Unions Inquiry, *Proof Committee Hansard*, 29 January 2021, p. 21.

<sup>41</sup> Mr Daniel Gschwind, Chief Executive, Queensland Tourism Industry Council, *Proof Committee Hansard*, 29 January 2021, p. 31.



# Chapter 3

## Impacts on Australia's aviation sector

- 3.1 It is well-documented that the aviation sector was among the hardest hit by the COVID-19 pandemic. Australia's aviation sector was experiencing strong growth prior to the COVID-19 pandemic, with a marked increase in air travel in recent years. This growth was halted by national and state border closures, and the threat of uncertainty around the resumption of travel further undermined operator and public confidence in the sector.
- 3.2 The pandemic also exacerbated longstanding issues in aviation, including workforce retention and skills shortages. This chapter outlines the key impacts of COVID-19 and related measures on aviation, and the challenges that continue to hinder the sector's recovery.
- 3.3 After noting the critical importance of the aviation sector in Australia, the chapter discusses:
- travel patterns and consumer behaviour during the pandemic; and
  - financial and operational impacts of the pandemic on airlines, airports, ground handling service companies, and aviation-dependent sectors.

### Importance of the aviation sector in Australia

- 3.4 According to the Australian Industry and Skills Committee (AISC), aviation had an estimated annual revenue of \$45.98 billion and contributed \$18.42 billion to the Australian economy in 2018.<sup>1</sup> In 2019-20, due to the effects of the pandemic, these figures *almost halved* to an estimated annual revenue of \$26.94 billion and a \$10.73 billion economic contribution.<sup>2</sup>
- 3.5 Prior to COVID-19, AISC estimates that Australia's aviation sector directly employed more than 93 000 people across its major subsectors: domestic commercial aviation, international commercial aviation, general aviation, air-freight transport and aviation support infrastructure.<sup>3</sup> In its June 2021 *Aviation Industry Outlook*, the Aviation Industry Reference Committee revealed that employment numbers had decreased, with around 65 000 people

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<sup>1</sup> Figures from previous version of website (since updated): Australian Industry and Skills Committee (AISC), *Aviation*, last updated 24 November 2021 (accessed 15 December 2021).

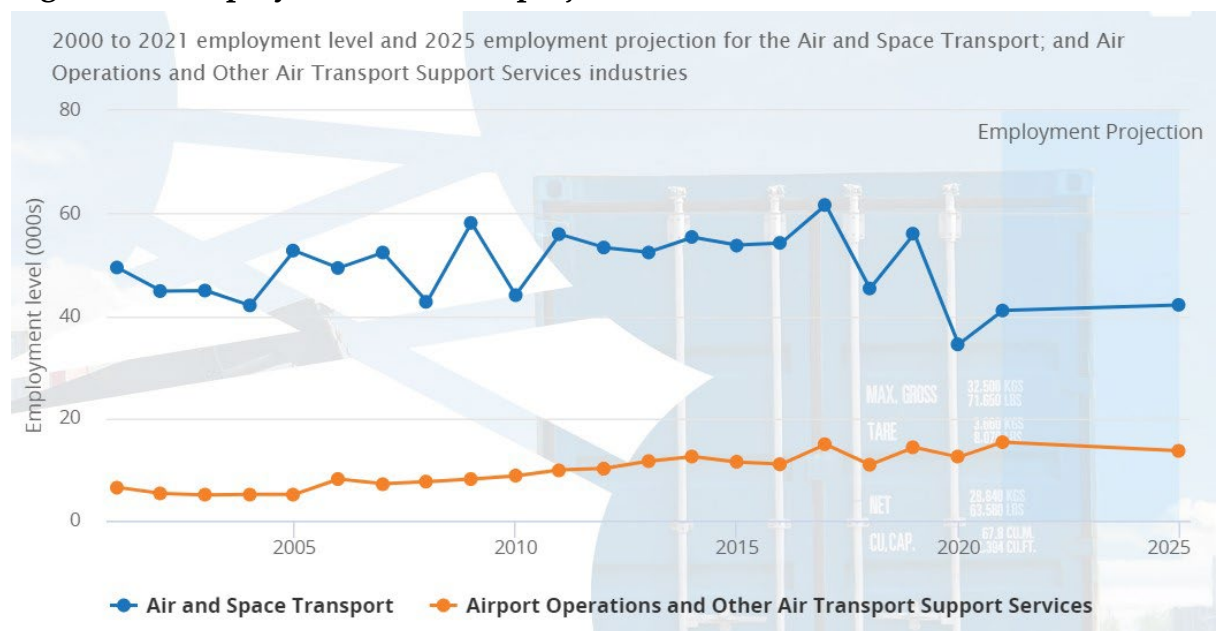
<sup>2</sup> AISC, [Aviation](#), last updated 19 January 2022 (accessed 4 February 2022).

<sup>3</sup> AISC, *Aviation*, update 30 October 2020 (previous version, since updated, accessed 15 December 2021).

employed as at June 2021.<sup>4</sup> In January 2022, AISC also estimated that the sector employed around 65 000 people.<sup>5</sup>

- 3.6 **Figure 3.1** below shows *actual* employment levels from 2001 to 2021 and *projected* employment levels for 2022 to 2025. The graph shows the dramatic impact of the pandemic on jobs in air and space transport, which fell from a high of 61 600 in 2017 to a low of 34 400 in 2020, before recovering some of that loss to end at 41 000 in 2021. The impacts of the pandemic on the aviation workforce are further discussed in Chapter 4.

**Figure 3.1 Employment level and projection, 2001–2025**



Source: Australian Industry and Skills Committee, *Aviation*, last updated 24 November 2021 (accessed 8 January 2022).

- 3.7 The air transport sector also supports a broader jobs market in related businesses and sectors. For instance, the Australian Airports Association submitted that, before the pandemic, the Australian airport sector supported the employment of over 206 000 workers and added \$34.6 billion to GDP.<sup>6</sup> It also generated employment for 600 000 jobs and businesses reliant on tourism.<sup>7</sup>
- 3.8 Previous forecasts suggested strong aviation growth globally—especially for the Asia Pacific region. In 2018, for example, the International Air Transport

<sup>4</sup> Aviation Industry Reference Committee, *Industry Outlook 2021*, June 2021, p. 11.

<sup>5</sup> AISC, *Aviation*, last updated 19 January 2022.

<sup>6</sup> Australian Airports Association, *Submission 16*, p. 1.

<sup>7</sup> The Hon Barnaby Joyce, Deputy Prime Minister, Minister for Infrastructure, Transport and Regional Development, and the Hon Dan Tehan, Minister for Trade, Tourism and Investment, *'Readying Australia's international aviation industry for take-off'*, *Media Release*, 20 September 2021 (accessed 8 January 2022).

Association (IATA) predicted that annual passenger numbers would *double* to reach 7 billion by 2036.<sup>8</sup>

## Travel patterns and consumer behaviour

3.9 As noted in the committee's interim report, the pandemic, travel restrictions, and the ensuing economic crisis shaped the behaviour of passengers and resulted in a dramatic drop in demand for air travel. The impacts of these changes will continue to be felt by airlines, airports, the ground handling industry and associated sectors as they progress through the recovery.

### *Domestic travel*

3.10 Reduced demand saw domestic flights in April 2020 fall by around 97 per cent from pre-pandemic levels.<sup>9</sup> In November 2020, the Infrastructure and Transport Ministers' Meetings (formally Transport Infrastructure Council) reported that:

From June 2019 to June 2020, international passenger services were down 98 per cent to 65 000 passengers carried, with international air freight volumes experiencing a decrease of 23 per cent over the same period. Domestic freight volumes on scheduled flights were also down 16 per cent over the same period and passenger numbers were down 92 per cent. By June 2020, the majority of international flights were freight-only.<sup>10</sup>

3.11 In the second half of 2020, and in early 2021, there were positive signs that the aviation sector was recovering.<sup>11</sup> In its fourth airline monitoring report, the Australian Competition and Consumer Commission (ACCC) reported that passenger numbers were at 55 per cent of pre-pandemic levels in March 2021—up from 41 per cent in December 2020—and peaked at 68 per in April 2021.<sup>12</sup>

3.12 The ACCC identified that much of this recovery was due to growing consumer confidence to travel interstate. In addition, leisure demand has been strong while business travel has been slower to recover.<sup>13</sup>

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<sup>8</sup> International Air Transport Association (IATA), ['IATA Forecast Predicts 8.2 billion Air Travelers in 2037'](#), Press Release No. 62, 24 October 2018 (accessed 8 January 2022).

<sup>9</sup> DITRDC, *Submission 20*, p. 5.

<sup>10</sup> Infrastructure and Transport Ministers' Foreword, [National Freight and Supply Chain Strategy](#), Annual Report 2019–20, November 2020, p. 11.

<sup>11</sup> For further information, see: RRAT, [Interim report: Future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic](#), March 2021.

<sup>12</sup> Australian Competition and Consumer Commission (ACCC), 'COVID restrictions bring domestic airline industry to a standstill', *Media Release*, 29 September 2021; Australian Competition and Consumer Commission; *Airline competition in Australia*, Report 4, June 2021.

<sup>13</sup> ACCC, [Airline competition in Australia](#), Report 4, June 2021, p. 6.

- 3.13 Prior to the Victorian lockdown in May 2021, airlines had forecast a return to pre-COVID levels of flying in the second half of 2021, with both Qantas and Jetstar expected to exceed 100 per cent of pre-pandemic levels in 2021–22.<sup>14</sup>
- 3.14 However, the numerous COVID-19 outbreaks across Australia in late May 2021 saw an increasing of domestic travel restrictions, resulting in significantly reduced domestic aviation activity. The ACCC reported that Qantas, Jetstar, Virgin and Rex combined were forced to cancel one-in-three flights in July 2021; the highest cancellation rate since April 2020. Weekly passenger numbers in Victoria fell 91 per cent from mid-May to early June and in NSW they dropped 97 per cent between mid-June and the end of July.<sup>15</sup>
- 3.15 Participants in the inquiry emphasised the challenges that continually-changing border restrictions presented to their operations, including the need to ensure their operations were agile and responsive to short-notice changes. For example, Mr Andrew Parker, Group Executive, Government, Industry, International and Sustainability at Qantas Airways Ltd (Qantas), told the committee that confidence in borders is essential for recovery.<sup>16</sup> There was widespread agreement across the sector that a national approach to border closures would be beneficial. This is discussed further in Chapter 5.
- 3.16 Inquiry participants predicted that air travel would recover once a vaccine was widely available. Mr Parker predicted that the vaccine rollout 'would significantly improve consumer confidence and travel demand'.<sup>17</sup> Similarly, Ms Christine Dacey from the Department of Infrastructure, Transport, Regional Development and Communications (the Department, DITRDC) said the Department hoped the vaccine rollout would lead to 'a much more enduring recovery trajectory'.<sup>18</sup>
- 3.17 As expected, demand for domestic travel, especially to leisure destinations, increased once vaccination targets were reached and border restrictions were eased in late 2021.<sup>19</sup> Due to the emergence of new variants, however, there

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<sup>14</sup> ACCC, 'Holiday travel has driven recovery of domestic airline market', *Media Release*, 17 June 2021.

<sup>15</sup> ACCC, 'COVID restrictions bring domestic airline industry to a standstill', *Media Release*, 29 September 2021.

<sup>16</sup> Mr Andrew Parker, Group Executive, Government, Industry, International and Sustainability, Qantas Airways Ltd, *Proof Committee Hansard*, 3 March 2021, p. 9.

<sup>17</sup> Mr Parker, Qantas, *Proof Committee Hansard*, 3 March 2021, p. 9.

<sup>18</sup> Ms Christine Dacey, Deputy Secretary, Transport Group, Department of Infrastructure, Transport, Regional Development and Communications, *Proof Committee Hansard*, 4 March 2021, pp. 2 and 4.

<sup>19</sup> Bureau of Infrastructure and Transport Research Economics, Department of Infrastructure, Transport, Regional Development and Communications, *Domestic aviation activity*, <https://www.bitre.gov.au/statistics/aviation/domestic> (accessed 21 January 2021).

remains the continued risk of COVID-19 outbreaks and recurring travel restrictions.

- 3.18 Qantas appeared before the committee for a second time in March 2022 and provided an update from its perspective. Group Executive of Corporate Affairs, Mr Andrew McGinnes, said that 'total flying [at Qantas] was reduced to just 18 per cent of pre-COVID levels during the last half [of 2021]'. Mr McGinnes described the disappointment:

Just as those lockdowns were finally ending and international borders were opening, omicron arrived, and that blunted demand, including during the critical Christmas holiday period, which really is such a vital time for airlines.<sup>20</sup>

### *International travel*

- 3.19 Different parts of the aviation network have been impacted differently due to COVID-19. The loss of the international tourism market was particularly significant. While domestic tourism has seen some recovery, the committee heard that 'there is no way that domestic tourism can fill the gap that will be left by inbound international'.<sup>21</sup>
- 3.20 Since March 2020, international flights into Australia largely ceased due to a ban on arrivals of non-Australian citizens. International passenger travel declined by 98 per cent in October 2020 compared to October 2019, and EY estimated that Australia lost around \$61 billion in economic value between March and October 2020 (\$250 million per day).<sup>22</sup>
- 3.21 There were 197 000 overseas arrivals to Australia and 229 000 overseas departures from Australia in December 2021—the highest volumes since international travel restrictions were introduced in March 2020, according to provisional data released by the Australian Bureau of Statistics (ABS). Ms Jenny Dobak, ABS Director of Migration Statistics, attributed the increase to the easing of international travel restrictions on 1 November 2021 which permitted fully vaccinated Australian citizens and permanent residents to travel to and from Australia without an exemption.<sup>23</sup>

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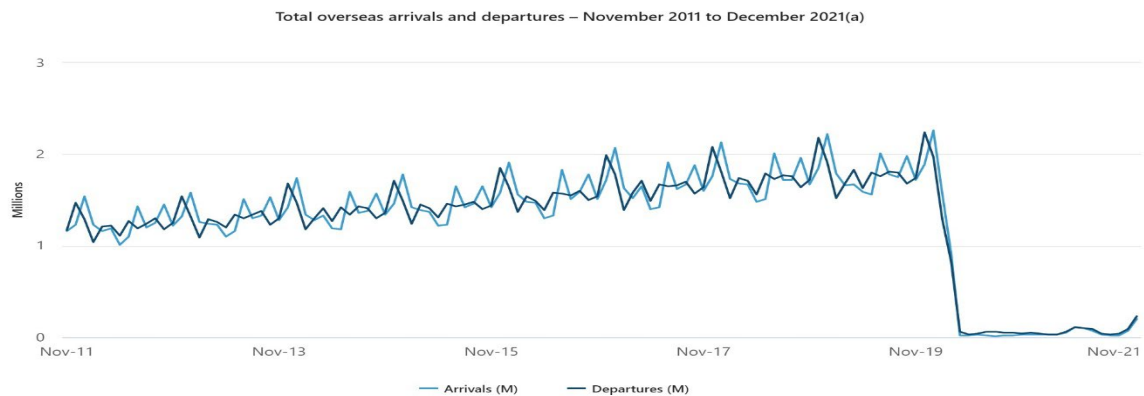
<sup>20</sup> Mr Andrew McGinnes, Group Executive, Corporate Affairs, Qantas Group, *Proof Committee Hansard*, 3 March 2022, p. 12.

<sup>21</sup> Jade Macmillan, 'Calls for more help as international border stays closed due to COVID threat', *ABC News*, 19 January 2021, <https://www.abc.net.au/news/2021-01-19/calls-for-more-help-as-international-border-stays-closed/13068366> (accessed 19 January 2021).

<sup>22</sup> DITRDC, *Submission 20*, p. 8.

<sup>23</sup> Australian Bureau of Statistics (ABS), '[International travel increases as restrictions ease](#)', *Media Release*, 18 January 2022 (accessed 21 January 2022).

**Figure 3.2 Overseas arrivals and departures – November 2011 to December 2021**



(a) Provisional data for the most recent month has not had the full quality assurance methods applied as is done for the earlier months. Provisional estimates will be revised in the next issue of this publication.

Source: Australian Bureau of Statistics, *International travel increases as restrictions ease* 18/01/2022

Source: Australian Bureau of Statistics, *'International travel increases as restrictions ease'*, Media Release, 18 January 2022.

3.22 However, the committee heard that full recovery of the aviation sector is likely to take some years, particularly for international aviation. In addition, COVID-19 may also result in long-term changes in demand, arising from increased remote working and videoconferencing.<sup>24</sup>

3.23 According to Professionals Australia, the long-term effects of the global pandemic on the flying public's attitude to air travel are unknown:

Surveys show that the exponential increase in video conferencing and remote working has changed the attitudes of business travellers, while recreational travellers are far more likely to holiday domestically, lacking the confidence to travel too far abroad. Modelling indicates that the aviation industry is on a slow, 3-year recovery path which will likely only reach 80% of the industry's pre-COVID capacity.<sup>25</sup>

3.24 Mr Matthew Brine from the Department of the Treasury, reported that:

Turning specifically to Australia, the IATA [International Air Transport Association] expects that the recovery in our outbound and inbound air passenger travel will lag the Asia-Pacific by six to 12 months and 12-18 months respectively. So that's six to 12 months for outbound flights and 12 to 18 months for inbound flights. This is because the IATA expect that long-haul travel, which makes up a larger share of Australia's air passenger travel, will recover more slowly than short-haul travel.<sup>26</sup>

<sup>24</sup> DITRDC, [Aviation Recovery Framework: Flying to Recovery](#), December 2021, p. 8.

<sup>25</sup> Professionals Australia, *Submission 4*, p. 5.

<sup>26</sup> Mr Matthew Brine, First Assistant Secretary, Environment, Industry and Infrastructure Division, Department of the Treasury, *Proof Committee Hansard*, 4 March 2021, p. 12.



- 3.25 In January 2021, Professor Brendan Murphy, Secretary of the Department of Health, predicted international travel wouldn't resume until 2022.<sup>27</sup> Meanwhile, the latest International Air Transport Association (IATA) forecast expects global passenger traffic to return to 2019 levels in 2024 at the earliest, with domestic markets recovering faster than international services.<sup>28</sup>
- 3.26 Similarly, Mr Jose Alejandro Reyes, from Cebu Pacific Air, predicted a slow recovery for international travel:
- We don't expect it to ramp up quickly. It's almost like we're going to starting from scratch again. The way we view the international network, it really takes us a year to two years to actually build up the flights and get to a sustained level of profitability ... We don't expect a very quick ramp-up back to original levels once the borders open. Traveller confidence to go out into other countries will take a while to be restored.<sup>29</sup>
- 3.27 Qantas has announced a far more optimistic forecast to its shareholders, with its FY22 Half Year Results claiming that 'Group International capacity expected to grow to 70% pre-COVID in 1Q23.'<sup>30</sup>

### *Consumer confidence*

- 3.28 The committee's interim report noted that the aviation sector's recovery is expected to be much slower than the downturn due to the ongoing risk of domestic border closures, the staggered reopening of international travel routes, and the impacts of a broader economic downturn. Even once restrictions are fully lifted, overall demand for air travel is expected to be depressed by low consumer and business confidence.<sup>31</sup>
- 3.29 One key theme that emerged throughout the inquiry was that of low public confidence in undertaking air travel. Submitters identified a number of contributing factors, with the primary reason being the risk of the reintroduction of public health measures following an outbreak of COVID-19 in Australia.
- 3.30 Submitters, including Professionals Australia and the Australian International Pilots Association, emphasised the negative impact of the uncertainty

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<sup>27</sup> Mr Tom McLroy, '[Travel restart unlikely in 2021: Health boss](#)', *Australian Financial Review*, 18 January 2021 (accessed 15 February 2021).

<sup>28</sup> International Air Transport Association (IATA), *Outlook for Air Transport and the Airline Industry*, 24 November 2020, p. 11; IATA, *2020 End-year report*, 24 November 2020, pp. 3–4.

<sup>29</sup> Mr Jose Alejandro Reyes, Chief Strategy Officer, Cebu Pacific Air, *Proof Committee Hansard*, 8 September 2021, p. 11.

<sup>30</sup> Qantas Airways Limited, 1H22 Results Presentation, <https://investor.qantas.com/FormBuilder/Resource/module/doLLG5ufYkCyEPjF1tpgyw/file/2022/HY/1H22-Presentation.pdf>, 24 February 2022, p. 29.

<sup>31</sup> McKell Institute Victoria, *Australian Aviation after COVID-19. The urgent need for an Australian aviation plan*, June 2020, pp. 11–12.

associated with COVID-19—along with border restrictions and quarantine requirements—on consumer confidence.<sup>32</sup>

3.31 Mr Parker noted that both leisure and business travellers are confused by a patchwork of rapidly changing restrictions and are understandably worried about being locked out of their own home state or their intended destination. The flow-on impacts for tourism and the broader economy, he argued, are 'obviously severe'.<sup>33</sup>

3.32 The Australian Airports Association explained that the aviation sector has suffered significant impacts due the different positions of states and territories on border openings and closings. It submitted that this has 'diminished the public's confidence to travel due to uncertainty on whether borders will be open or closed in response to flare-ups and outbreaks of the virus'.<sup>34</sup>

3.33 In addition, a recent survey conducted by the Tourism and Transport Forum found that 53 per cent of respondents had 'no confidence' in making any interstate travel arrangements due to recent COVID-19 restrictions. Only 41 per cent had 'some confidence' in making interstate travel arrangements and a mere 6 per cent were confident to book without hesitation.<sup>35</sup>

3.34 According to Mr Tom Manwaring, Chair of the Australian Federation of Travel Agents, consumer confidence was of paramount importance for the travel sector:

Consumers and corporate travellers need to know when they make their bookings, whether domestic or international, that their travel plans are not going to be derailed by snap border closures; in some cases people are being advised halfway to their destinations, mid-air. We need all governments to stick to the national cabinet road map for reopening. That's the most critical thing to restore confidence within the travelling public. Announcements must be backed up with firm plans.<sup>36</sup>

3.35 Canberra Airport argued that strengthening public confidence in aviation travel must be a principal focus of the Australian Government's policy outcomes over the next five years.<sup>37</sup>

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<sup>32</sup> See, for example, Professionals Australia, *Submission 4*, p. 5; Australian and International Pilots Association, *Submission 14*, p. 5.

<sup>33</sup> Mr Parker, Qantas, *Proof Committee Hansard*, 3 March 2021, p. 8.

<sup>34</sup> Australian Airports Association, *Submission 16*, Attachment 1: *The Future of Aviation Issues Paper*, p. 8.

<sup>35</sup> Tourism and Transport Forum, ['Omicron impacts summer travel plans of four in five Australians'](#), *Media Release*, 20 December 2021 (accessed 15 February 2021).

<sup>36</sup> Mr Tom Manwaring, Chair, Australian Federation of Travel Agents, *Proof Committee Hansard*, 6 September 2021, p. 22.

<sup>37</sup> Canberra Airport, *Submission 10*, Attachment 1, [p. 2].

3.36 In addition, the committee received evidence that, for many consumers, hygiene and cleanliness are now key factors influencing confidence in travel. Inquiry participants highlighted the crucial safety role of skilled aviation workers in ensuring passenger safety, including through upholding standards of cleanliness and hygiene, which have 'an enormous effect' on consumer confidence.<sup>38</sup>

### *Sluggish recovery*

3.37 With over 80 per cent of the Australian population now vaccinated, the committee heard that both customers and industry stakeholders are eager to resume travelling. Much uncertainty still surrounds the recovery of the aviation sector, however, and despite positive signs and prospects for recovery COVID-19 remains an existential crisis for the aviation sector.

3.38 Even though Australia has moved away from all-encompassing lockdowns, most jurisdictions have retained COVID-19 related restrictions in an effort to control subsequent waves of infection. While airlines had predicted a swift recovery in early 2022, the impact of ongoing isolation requirements on crewing level and the so-called self-imposed 'shadow lockdown' has resulted in capacity reductions:

- On 10 January 2022, Virgin Australia announced that it will reduce its flight capacity by 25 per cent in January and February 2022 and suspend its only international route between Sydney and Fiji.<sup>39</sup>
- In a statement dated 13 January 2022, Qantas announced that it now expects domestic capacity for the third quarter of financial year 2022 to be at around 70 per cent of pre-COVID levels, down from the 102 per cent previously envisaged. Chief Executive Officer (CEO) of Qantas, Mr Alan Joyce, stated that '[t]he sudden uptick in COVID cases is having an obvious impact on consumer behaviour across various sectors, including travel, but we know it's temporary'.<sup>40</sup> Qantas' international flying is expected to remain at around 20 per cent of pre-COVID levels up until April 2022, at which point it is anticipated to increase as Omicron-related restrictions ease overseas.<sup>41</sup>

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<sup>38</sup> Ms Ann Maree Jackson, Spokesperson, Australian Aviation Ground Handlers Industry Alliance, *Proof Committee Hansard*, 6 September 2021, p. 2.

<sup>39</sup> Lucas Baird, 'Virgin flights cut and venues closed as omicron rips staff', *Australian Financial Review*, 10 January 2022.

<sup>40</sup> Qantas, '[Qantas and Jetstar adjust third quarter capacity settings](#)', *Media Release*, 13 January 2022 (accessed 18 January 2022).

<sup>41</sup> Qantas, '[Qantas international seeks termination of crew agreement to resolve critical rostering challenge](#)', *Media Release*, 20 January 2022 (accessed 25 January 2022).

3.39 During Qantas' appearance in March 2022, Mr McGinnes noted hopeful signs:

With more border restrictions dropping away and omicron waves subsiding, bookings are strengthening. In mid-February, we had our best week for international ticket sales since before COVID. We expect more momentum from Western Australia finally opening today.<sup>42</sup>

## Financial and operational impacts

### *Impact on airline operations*

3.40 As discussed in the committee's interim report, COVID-19 had a significant impact on the operations of major airlines, which are the sector's key employers.<sup>43</sup>

3.41 In response to the changing market due to the pandemic and drastically reduced demand, Qantas announced a 90 per cent reduction to international capacity and 60 per cent to domestic capacity, with around 150 aircraft being grounded, and stood down 20 000 employees.<sup>44</sup>

3.42 As part of its COVID-19 recovery plan, it cut at least 6000 positions in response to border closures and more permanent structural changes to the aviation industry. Qantas also significantly reduced planned capital investment and outsourced 2000 ground handling positions at 10 airports.<sup>45</sup>

3.43 Mr Parker described the COVID-19 pandemic as 'the single greatest threat and crisis our industry—all airlines—has ever faced'. He explained that, as a result, '[a]irline revenues collapsed, entire fleets, such as our entire A380 fleet, were grounded and the world's biggest carriers were forced to take extreme measures just to survive'.<sup>46</sup> Further reductions to Qantas' fleet included:

- retiring its six remaining 747s;
- grounding up to 100 aircraft for 12 months or longer, including most of the international fleet;
- returning leased aircraft as they fell due; and
- deferring the delivery of new A321neo and 787-9 aircraft orders.<sup>47</sup>

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<sup>42</sup> Mr McGinnes, Qantas, *Proof Committee Hansard*, 3 March 2022, p. 12.

<sup>43</sup> RRAT, *Interim report: Future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic*, March 2021, pp. 7–8.

<sup>44</sup> Qantas, '[Qantas group update on coronavirus response](#)', *Media Release*, 17 March 2020 (accessed 30 March 2021); Qantas, '[Qantas Group FY20 financial results—navigating exceptional conditions](#)', *Media Release*, 20 August 2020 (accessed 30 March 2021).

<sup>45</sup> Qantas, 'Qantas Group FY20 financial results—navigating exceptional conditions', *Media Release*, 20 August 2020.

<sup>46</sup> Mr Parker, Qantas, *Proof Committee Hansard*, 3 March 2021, p. 8.

<sup>47</sup> Qantas, 'Qantas Group FY20 financial results—navigating exceptional conditions', *Media Release*, 20 August 2020.

- 3.44 Qantas announced a \$2.7 billion loss for financial year 2020 and a \$1.8 billion loss for financial year 2021.<sup>48</sup> With 'total flying' reduced to 18 per cent of pre-COVID levels in the last half of 2021, Mr McGinnes confirmed a loss of '\$1.3 billion and a statutory loss before tax of \$622 million for the six months to the end of December', taking the 'total statutory loss since the start of this crisis to over \$6 billion', and revenue losses to 'well over \$22 billion and counting'.<sup>49</sup>
- 3.45 In March 2020, Virgin Australia (Virgin) announced a 90 per cent reduction in domestic capacity, with 125 aircraft grounded, and stood down 80 per cent of its workforce.<sup>50</sup> The sudden downturn led Virgin to enter into voluntary administration in April 2020. In November 2020, Bain Capital became the owner of the airline and new CEO, Ms Jayne Hrdlicka, revealed plans to position Virgin as a mid-market carrier that will serve 'all segments of the market', including price conscious corporate travellers, small to medium businesses, premium leisure travellers and holidaymakers.<sup>51</sup>
- 3.46 The resultant company restructure cut 3000 jobs cut, discontinued the Tigerair Australia brand and downsized the aircraft fleet, with Virgin recording a \$3.1 billion loss for financial year 2020.<sup>52</sup>
- 3.47 Regional Airlines (Rex) announced in March 2020 that it would reduce its capacity by 45 per cent and subsequently suspend services entirely. However, after the federal and state governments provided assistance, Rex announced in April 2020 that it would run two to three return flights per week to all destinations on its network.<sup>53</sup>
- 3.48 In contrast with the decisions of Virgin and Qantas to reduce operations, Rex announced in June 2020 that it would look into *expanding* its operations to undertake domestic flights on more routes to major cities. On 22 September 2020, Rex announced it had entered negotiations with a private equity firm regarding an investment of up to \$150 million to be used exclusively to support the launch of domestic major city jet operations in

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<sup>48</sup> Qantas, [Annual Report 2021](#), June 2021.

<sup>49</sup> Mr McGinnes, Qantas, *Proof Committee Hansard*, 3 March 2022, p. 12.

<sup>50</sup> Virgin Australia, ['Virgin Australia Group makes further capacity reductions in response to COVID-19'](#), *Media Release*, 25 March 2020 (accessed 30 March 2021).

<sup>51</sup> Virgin Australia, ['Ready for take-off: Virgin Australia Group soars out of administration, unveils future direction'](#), *Media Release*, 18 November 2020 (accessed 30 March 2021).

<sup>52</sup> Virgin Australia, 'Virgin Australia Group makes further capacity reductions in response to COVID-19', *Media Release*, 25 March 2020.

<sup>53</sup> Rex Airlines, ['Rex announces reductions to network'](#), *Media Release*, 19 March 2020 (accessed 30 March 2021); Rex Airlines, ['Rex to cease all passenger air services with the exception of Queensland'](#), *Media Release*, 23 March 2020 (accessed 30 March 2021).

2021;<sup>54</sup> and, in February 2021, the former regional-focused airline launched new intercity routes.<sup>55</sup>

3.49 Rex reported an \$18.4 million loss for financial year 2021, with revenue down 20 per cent on the prior year.<sup>56</sup>

3.50 Captain Murray Butt, President of the Australian and International Pilots Association, spoke to the impact on a global level:

... over 50 airlines have become insolvent during the last 12 months, including Virgin Australia. Over 500,000 jobs and over a trillion dollars of revenue have been lost. They are direct losses. It must be remembered that the International Civil Aviation Organization has stated every job in the aviation sector generates six jobs elsewhere in the economy and every dollar earned in aviation generates a further \$3 in the economy. Prior to the pandemic, Qantas generated \$15 billion directly and a further \$45 billion indirectly for the Australian economy.<sup>57</sup>

3.51 The committee heard that, in 2020, Cebu Pacific suffered a net loss of almost \$600 million. Mr Reyes advised that, before the pandemic, freight cargo accounted for eight or nine per cent of Cebu Pacific's total revenue. By late 2021, however, this percentage had increased to half of total revenue.<sup>58</sup>

3.52 In contrast, Ms Rachel Crowley from the Brisbane Airport Corporation, challenged what she called the 'misconception' that freight volumes have increased and demand has grown during the pandemic:

What has occurred is that longstanding freight capacity, 85 per cent of which is flown in the belly of passenger services, has shrunk significantly on the back of international restrictions and domestic border closures.<sup>59</sup>

### *Impact on airports*

3.53 At the same time, airports were working hard to remain open for critical services, such as repatriation flights. The committee heard that this has been a particularly challenging time for airports as they continued to play their vital

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<sup>54</sup> Rex Airlines, ['Rex announces exclusive negotiations regarding funding for its domestic major city jet operations'](#), *Media Release*, 22 September 2020 (accessed 30 March 2021).

<sup>55</sup> See, for example, Rex Airlines, ['Cheaper than the taxi to the airport - \\$49 airfares Syd-Mel'](#), *Media Release*, 10 February 2021 (accessed 30 March 2021).

<sup>56</sup> Rex Airlines, ['Rex Announces FY21 Results'](#), *Media Release*, 31 August 2021 (accessed 30 March 2021).

<sup>57</sup> Captain Murray Butt, President, Australian and International Pilots Association, *Proof Committee Hansard*, 3 March 2021, p. 57.

<sup>58</sup> Mr Reyes, Cebu Pacific Air, *Proof Committee Hansard*, 8 September 2021, p. 11.

<sup>59</sup> Ms Rachel Crowley, Executive General Manager, Communications and Public Affairs, Brisbane Airport Corporation, *Proof Committee Hansard*, 29 January 2021, p. 36.

role for local communities while their source of revenue—generated by aeronautical and non-aeronautical services—disappeared.<sup>60</sup>

- 3.54 Mr James Goodwin, CEO of the Australian Airports Association, told the committee that '[k]eeping the national airport network open costs more than \$4 million a day' due to high fixed costs involved in keeping the lights on and runways open, regardless of aviation activity levels.<sup>61</sup> The Australian Airports Association estimated that, in March 2020, Australia's major airports would lose more than \$500 million in aeronautical revenue alone, compared to 2019.<sup>62</sup>
- 3.55 In addition, the committee heard that the COVID-19 crisis and downturn in passenger movements resulted in a reduction in non-aeronautical revenue, such as rental payments and income from a range of aviation-related businesses. The Australian Airports Association estimated that, in 2020, accumulated losses from this part of the airport sector were more than \$1 billion.<sup>63</sup>

### *Impact on ground handling service providers*

- 3.56 Ground handling companies, such as dnata, were also significantly impacted. Mr Hiranjan Aloysius, CEO of dnata Catering Australia, informed the committee that dnata Catering's revenues had 'taken a hit of up to 90 per cent'.<sup>64</sup> These concerns were echoed by Mr Glenn Rutherford of the Australian Aviation Ground Handling Industry Alliance.<sup>65</sup>
- 3.57 Despite extensive evidence regarding the vital importance of ground handlers—who perform a number of essential functions at airports, ranging from security assessment of passengers at check-in through to aircraft safety inspections before take-off and in-flight catering<sup>66</sup>—the exclusion of many ground handlers from aviation support measures was consistently raised throughout the inquiry. This is discussed further in the following chapter.

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<sup>60</sup> Councillor Rod Kendall, Wagga Wagga City Council, *Proof Committee Hansard*, 6 September 2021, p. 39.

<sup>61</sup> Mr James Goodwin, Chief Executive, Australian Airports Association, *Proof Committee Hansard*, 19 February 2021, p. 14.

<sup>62</sup> Australian Airports Association, ['COVID-19 delivers unprecedented hit to airports'](#), *Media Release*, 19 March 2020 (accessed 30 March 2021).

<sup>63</sup> Australian Airports Association, *Submission 16*, Attachment 1, p. 9.

<sup>64</sup> Mr Hiranjan Aloysius, CEO, dnata Catering Australia, *Proof Committee Hansard*, 3 March 2021, p. 32.

<sup>65</sup> Mr Glenn Rutherford, Member, Australian Aviation Ground Handling Industry Alliance, *Proof Committee Hansard*, 3 March 2021, p. 36.

<sup>66</sup> Ms Ann Maree Jackson, Spokesperson, Australian Aviation Ground Handlers Industry Alliance, *Proof Committee Hansard*, 6 September 2021, p. 2.

*Impact on aviation-dependent sectors: tourism*

3.58 Aviation-dependent sectors were also heavily impacted. For example, Mr Manwaring spoke to the impact on the travel sector:

We haven't had a stop-start lockdown in our sector; we have been in firm lockdown for 19 months. Our members have almost across the board had to deal with immediate revenue falls of 95 per cent, and more in some cases, in that 19 months.<sup>67</sup>

3.59 Witnesses based in the Northern Territory spoke about the flow-on impacts of border closures and travel bans on the tourism sector. Ms Valerie Smith from Tourism NT explained that some businesses had been more heavily affected than others, with those that rely on backpackers and international tourists the hardest hit. Demand for accommodation was down around 50 per cent in Central Australia and 35 to 40 per cent in the Top End. Securing an adequate and reliable supply of labour for hospitality and tourism businesses was also heavily impacted, with many businesses unable to achieve full staffing.<sup>68</sup>

3.60 Ms Smith said tourism operators in the NT reported that 2021 was harder in many ways than 2020, 'because of the absence of JobKeeper':

They still have no or very limited revenue coming in, but they're trying to maintain the staff that they still have because they know they're going to need them again next year.<sup>69</sup>

3.61 Manager of Tourism Top End, Mr Glen Hingley, highlighted the centrality of aviation to Northern Territory tourism—'affordable aviation, dependable aviation and aviation that operates at the right times'. Mr Hingley added:

When we talk about our international markets, in 2019 the Territory enjoyed over two million visitors. Over 20 per cent of those were international visitors. That equated to \$2.4 billion in our visitor economy. In the Territory, tourism employs one in eight Territorians, against the national average of one in fourteen. It's our number one service economy, ahead of education. It is also our fourth-largest input to the Territory economy.<sup>70</sup>

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<sup>67</sup> Mr Tom Manwaring, Chair, Australian Federation of Travel Agents, *Proof Committee Hansard*, 6 September 2021, p. 22.

<sup>68</sup> Ms Valerie Smith, Acting Executive Director, Industry Development, Tourism NT, Department of Industry, Tourism and Trade, *Proof Committee Hansard*, 8 September 2021, pp. 30–31.

<sup>69</sup> Ms Smith, Tourism NT, *Proof Committee Hansard*, 8 September 2021, p. 30.

<sup>70</sup> Mr Glen Hingley, General Manager, Tourism Top End, *Proof Committee Hansard*, 8 September 2021, pp. 35–36.



3.62 Ms Smith was similarly concerned about the drop in international tourism, saying the fact that some international airlines have reverted to providing domestic-only services may also mean a slower 'pace of recovery in international markets'. Ms Smith said:

... our best estimation is that it could take three or four years for us to get back to where we were internationally pre-COVID if the borders opened, let's say, very early next year [2022].<sup>71</sup>

### **Concluding comment**

3.63 This chapter has outlined the massive impacts of the pandemic on airlines and other parts of the aviation sector, and some of the measures the sector took to survive the downturn. The next chapter looks at impacts on aviation workers.

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<sup>71</sup> Ms Smith, Tourism NT, *Proof Committee Hansard*, 8 September 2021, p. 33.



# Chapter 4

## Impacts on the aviation workforce

- 4.1 As well as impacting airlines, airports, ground handling service companies and aviation-dependent sectors, the pandemic response had devastating impacts on many aviation workers. The committee heard that the impacts of the pandemic on the aviation workforce as a whole have been manifold: airlines made drastic cuts in staffing; skills and accreditation have lapsed; and many workers have left the aviation sector. Some have retired, while others have sought more stable and secure employment elsewhere.
- 4.2 Airlines have used the full range of workforce management and industrial relations mechanisms available to them to balance competing priorities, including: reducing costs and maintaining cash reserves; minimising debt accumulation; and retaining skilled workers for when passenger demand lifts. However, some of these mechanisms have attracted strong criticisms.
- 4.3 This chapter looks at the impact of the pandemic and associated response measures on Australia's aviation workforce; in particular:
- the loss of highly skilled aviation workers, including:
    - lay-off and standdowns;
    - labour shortages and potential impacts on safety;
    - workers leaving the sector and the implications of an ageing workforce;
  - the psychological and financial impacts of the pandemic on aviation workers;
  - Qantas' workforce decisions during the pandemic—specifically the outsourcing of ground handling services, and the long haul cabin crew Enterprise Bargaining Agreement dispute; and
  - factors affecting future workforce supply.
- 4.4 The chapter incorporates testimony from workers impacted by standdowns, downsizing and outsourcing, and finishes with the committee's view.

### Loss of skilled aviation workers

- 4.5 The aviation sector is dependent on a highly specialised and skilled workforce, comprised of various professionals ranging from pilots, engineers, and air traffic controllers, to cabin crew and ground handlers.<sup>1</sup>
- 4.6 Inquiry participants were concerned that, without a skilled aviation workforce, the sector would suffer from reduced consumer confidence and poor safety

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<sup>1</sup> Australian Airports Association, *Submission 16*, Attachment 1, p. 1; Department of Infrastructure, Transport, Regional Development and Communications (DITRDC), *Submission 20*, pp. 3–4.

outcomes, and be unable to meet increased consumer demand for air travel.<sup>2</sup> Chief Executive Officer (CEO) and Managing Director of Virgin Australia, Ms Jayne Hrdlicka, advised the committee that 'implications' of such a loss would 'be significant' for the economy.<sup>3</sup>

- 4.7 The committee heard that the aviation sector is highly regulated and its workforce is required to 'understand and comply with an extensive set of regulations and requirements to ensure a safe and secure airline environment'.<sup>4</sup> A high proportion of workers hold licenses, certifications and tertiary qualifications;<sup>5</sup> and vocational education and training are required for a range of roles, such as airport safety, cargo services, air traffic control and flight operations.<sup>6</sup> The Australian Industry Standards reported that, in 2017, 53 per cent of aviation workers held a vocational education qualification as their highest level of study, compared with just 29 per cent for the overall Australian working population.<sup>7</sup>

### *Lay-offs and standdowns*

- 4.8 As discussed in Chapter 3, there has been a significant drop in the number of people employed in the aviation sector compared with pre-pandemic levels. The Australian Industry and Skills Committee estimates that the sector employed around 65 000 people in January 2022, compared with over 90 000 before the pandemic.<sup>8</sup>
- 4.9 The Department of Infrastructure, Transport, Regional Development and Communications (the Department of Infrastructure) submitted that, at the peak of the crisis, over 30 000 aviation workers were stood down or laid off.<sup>9</sup> In addition, the Australian Airports Association estimated that more than 70 per cent of staff at regional airports were placed on reduced hours, re-deployed or made redundant.<sup>10</sup>

<sup>2</sup> For further information, see: RRAT, *Interim report: Future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic*, March 2021.

<sup>3</sup> Ms Jayne Hrdlicka, Chief Executive Officer (CEO) and Managing Director, Virgin Australia, *Proof Committee Hansard*, 29 January 2021, p. 3.

<sup>4</sup> Australian Services Union (ASU), *Submission 19*, p. 4

<sup>5</sup> See: RRAT, *Interim report: Future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic*, March 2021, pp. 43–46.

<sup>6</sup> Australian Industry and Skills Committee (AISC), [Aviation](#), last updated 24 November 2021 (accessed 8 January 2022).

<sup>7</sup> Australian Industry Standards, *Aviation Workforce Skills Study*, 2017, p. 6.

<sup>8</sup> AISC, *Aviation*, last updated 19 January 2022.

<sup>9</sup> DITRDC, *Submission 20*, p. 1.

<sup>10</sup> Australian Airports Association, *Submission 16*, Attachment 1, p. 5.

- 4.10 The committee heard that reductions in core airport jobs also affect the jobs in airport-related service industries, such as food and beverage, retail and hospitality, and the deferral or slowing down of on-airport capital works and construction activity. The Australian Airports Association explained that 'this means reduced wages and salaries for staff, contractors and suppliers, with negative effects across the wider economy, particularly in regional Australia'.<sup>11</sup>
- 4.11 Many other aviation businesses also stood down or laid off staff. Mr Hiranjan Aloysius, CEO of dnata Catering Australia, informed the committee that, before COVID, 'dnata employed approximately 6,800 people in Australia'. As at 3 March 2021, 2500 of those people had 'been let go' and 'a further 1500 remain stood down'.<sup>12</sup>
- 4.12 Mr Stephen Purvinas, Federal Secretary of the Australian Licensed Aircraft Engineers Association, estimated that in the 18 months from March 2020, approximately 700 licensed aircraft maintenance engineers left the industry.<sup>13</sup> Similarly, Mr Chris Pigott, from the Territory Aviation Skills Centre, said he had 'never seen such a shortage of aircraft engineers in the country', despite many years in the business.<sup>14</sup>

#### *Labour shortages and snap lockdowns*

- 4.13 As noted earlier, in early 2021 there were positive signs that the aviation industry was recovering, and Australia experienced a progressive 'ramp up' of domestic traffic in March and April 2021 as a result of increased consumer confidence, lower airfares and greater competition between airlines. Australian Services Union (ASU) Assistant National Secretary, Ms Emeline Gaske described this period as a hopeful time for aviation workers:

... the airlines were planning their ramp-up again. Workers were being brought off leave without pay, workers were being retrained and airlines were at 80 or 100 per cent of their pre-COVID capacity.<sup>15</sup>

- 4.14 The committee was told, however, that due to job losses throughout the pandemic, 'the reality was that [airlines] didn't have enough staff'.<sup>16</sup>

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<sup>11</sup> Australian Airports Association, *Submission 16*, p. 4.

<sup>12</sup> Mr Hiranjan Aloysius, CEO, dnata Catering Australia, *Proof Committee Hansard*, 3 March 2021, p. 32.

<sup>13</sup> Mr Stephen Purvinas, Federal Secretary, Australian Licensed Aircraft Engineers Association, *Proof Committee Hansard*, 8 September 2021, p. 19.

<sup>14</sup> Mr Chris Pigott, Board Member, Territory Aviation Skills Centre, *Proof Committee Hansard*, 8 September 2021, p. 26.

<sup>15</sup> Ms Emeline Gaske, Assistant National Secretary, Australian Services Union (ASU), *Proof Committee Hansard*, 6 September 2021, p. 12.

<sup>16</sup> Ms Jayne Lacey, Delegate, Victorian Private Sector Branch, ASU, *Proof Committee Hansard*, 6 September 2021, p. 13.

4.15 ASU Victorian delegate, Ms Jayne Lacey, spoke to her experiences as a front-line aviation worker: 'When we returned, due to the redundancies and those people who were still on leave without pay, we were horrendously short of staff'.<sup>17</sup> Ms Lacey said that, to address the labour shortage, Qantas employed a number of casual workers:

They have no future job security and, depending on their personal circumstances, they may not be eligible for anything from the government package ... That's one of the concerns I have for the industry. Are we going to end up just being a totally casualised workforce, without job security and without many rights?<sup>18</sup>

4.16 These concerns were echoed by another aviation worker who suggested that Qantas was 'using COVID-19 as an excuse to cut the workforce with plans to backfill with casual labour once demand returns'.<sup>19</sup>

4.17 Submitters reiterated that, without ongoing support to aviation workers, Australia 'won't have an aviation industry at all, because it will be grounded for months for lack of skills'.<sup>20</sup>

4.18 Particular concerns were raised in relation to the effect of this on regional Australia. Ms Jackson informed the committee that in regional Australia, where 'outsourced ground handling is 100 per cent for both check-in and baggage handling', 'the likelihood of aircraft being grounded because we simply don't have the staff is very real'.<sup>21</sup>

### *Impacts on safety*

4.19 Participants were concerned that the loss of experienced staff, and replacement with new trainees, could lead to safety concerns.

4.20 Ms Teri O'Toole, Federal Secretary of the Flight Attendants Association of Australia (FAAA), outlined the safety focus of flight crew roles:

Cabin crew are first responders. Their job requires them to run towards the fire. They are required to save lives with CPR. They defend the flight deck with their lives and they use deadly force, when necessary, to protect the aircraft and passengers. These are safety-sensitive roles.<sup>22</sup>

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<sup>17</sup> Ms Lacey, ASU, *Proof Committee Hansard*, 6 September 2021, p. 13.

<sup>18</sup> Ms Lacey, ASU, *Proof Committee Hansard*, 6 September 2021, p. 13.

<sup>19</sup> ACTU, *Submission 13*, p. 10.

<sup>20</sup> Mr Kaine, TWU, *Proof Committee Hansard*, 6 September, p. 20.

<sup>21</sup> Ms Ann Maree Jackson, Spokesperson, Australian Aviation Ground Handlers Industry Alliance (AAGHIA), *Proof Committee Hansard*, 6 September 2021, p. 3.

<sup>22</sup> Ms Teri O'Toole, Federal Secretary, Flight Attendants Association of Australia (FAAA), *Proof Committee Hansard*, 3 March 2022, p. 5.

- 4.21 President of the ACTU, Ms Michelle O'Neil told the committee that insecure jobs, and 'a high turnover of people', 'drives down safety standards' for both workers and passengers. She highlighted the relatively high level of risk in the industry, importance of comprehensive training and skill development, and the need for workers to keep their skills 'current and developed during their period of time at work'.<sup>23</sup>
- 4.22 Ms O'Neil observed that global research has established a clear 'link between recognised, supported and well-trained workers who have long-term careers within aviation and *safe airlines*'. Conversely, 'a direct consequence' of a 'revolving door' of workers 'is that people's skills are impacted', creating a 'race to the bottom', which impacts not only workers' safety, 'but also ultimately the safety of passengers and the whole industry'.<sup>24</sup>
- 4.23 A Qantas flight crew worker highlighted the high-pressure flight crew are under due to the safety aspects of their role, saying:

[Flight attendants are] tested by your airline and by CASA every six months with a pass mark of 85 per cent. You are permitted in your career to fail that exam only three times, and then you are dismissed. Why would I put myself through that for \$23 an hour when I can go and work somewhere on the ground, in a restaurant, with no jet lag, at home with my family every night, and not having to worry about the gruelling effects of jet lag, dehydration, constant time changes, et cetera?<sup>25</sup>

- 4.24 Outsourced ground services worker, Mr Brett Langford, pointed out that Qantas' safety record has 'taken a dive on the list of world's safest airlines—from first to seventh', saying this was an inevitable outcome of outsourcing safety-sensitive work.<sup>26</sup>
- 4.25 A current Qantas flight crew worker concluded that if companies offer 'less remuneration' they will 'have a lesser skill set of people to do' the job, which is 'a disaster waiting to happen'. He said:

We're safety professionals. We run towards the fire, not from it. I can't see that anybody in their right mind would be willing to that for the money that the modern award offers.<sup>27</sup>

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<sup>23</sup> Ms Michelle O'Neil, President, ACTU, *Proof Committee Hansard*, 3 March 2022, p. 4.

<sup>24</sup> Ms O'Neil, ACTU, *Proof Committee Hansard*, 3 March 2022, p. 4.

<sup>25</sup> Evidence from current Qantas flight crew worker with over 30 years' experience (anonymous to protect the worker's employment).

<sup>26</sup> Mr Brett Langford, Former Delegate, TWU, *Proof Committee Hansard*, 3 March 2022, p. 7. See also: 'After being crowned the world's safest airline in 2021, Qantas lost the title to Air New Zealand this year.' Taylor Rains, [The top 20 safest airlines in the world, according to experts](#), *Business Insider Australia*, 9 January 2022 (accessed 5 March 2022).

<sup>27</sup> Evidence from current Qantas flight crew (anonymous).

### *Workers leaving the sector*

- 4.26 The committee heard that many aviation workers sought secondary employment as a result of the downturn. This issue was discussed at length in the committee's interim report. Ms Jackson stated that '[w]hat we're seeing is that most of our staff have sought secondary employment simply to be able to pay bills and to put food on the table'.<sup>28</sup>
- 4.27 The committee received further evidence that the loss of knowledge and experience has been dramatic and, for many, 'the rate of recovery will force a choice between the uncertainty of resuming their aviation careers and the apparent security of alternative employment'.<sup>29</sup>
- 4.28 Similarly, the Australian Aviation Ground Handlers Industry Alliance (AAGHIA) said the significant employee attrition rate meant there was a need to recruit and skill-up new staff at a faster than usual rate to meet what was predicted to be 'a relatively rapid resumption of flight capacity'. The AAGHIA foreshadowed that there would be 'reluctance from new candidates about the stability of the aviation industry, especially when compared against less volatile alternatives'.<sup>30</sup>
- 4.29 During its second appearance before the committee, in March 2022, the FAAA said that, after two years of standdowns, Qantas offered voluntary redundancies, but only to direct Qantas employees employed prior to 2008, not those employed after 2008 by 'their subsidiary Qantas cabin crew Australia'. This meant 'a thousand Australian based cabin crew with experience between 19 and 40 years left the profession'.<sup>31</sup>

### *Aging workforce*

- 4.30 As part of its consultation with the aviation sector on the *Future of Australia's Aviation Sector Issues Paper*, the Future of Aviation Reference Panel found that Australia has little to no workforce pipeline and no new early career entrants.<sup>32</sup> The committee heard that this is compounded by an ageing demographic in the current workforce.
- 4.31 Many submitters highlighted the age distribution in the aviation sector, a large proportion of which is aged 45 years and over.<sup>33</sup> The aviation workforce, with an average age of 41.6, is ageing at 1.4 times the national rate.<sup>34</sup>

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<sup>28</sup> Ms Ann Maree Jackson, Spokesperson, AAGHIA, *Proof Committee Hansard*, 6 September 2021, p. 3.

<sup>29</sup> Australian and International Pilots Association (AIPA), *Submission 14*, p. 3.

<sup>30</sup> AAGHIA, *Submission 24*, [p. 7].

<sup>31</sup> Ms O'Toole, FAAA, *Proof Committee Hansard*, 3 March 2022, p. 5.

<sup>32</sup> Future of Aviation Reference Panel, [Report](#), March 2021, p. 15.

<sup>33</sup> See: RRAT, *Interim report: Future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic*, March 2021, pp. 27–37, p. 53.



- 4.32 The implications of an aging aviation workforce were raised by submitters. In particular, the committee heard that the impacts of COVID-19 are compounded by an aging aviation workforce and a surge in anticipated retirements. By way of example, the AIPA submitted that many pilots have taken early retirement,<sup>35</sup> while the ALAEA noted that recent redundancy packages have been oversubscribed by licensed aircraft maintenance engineers.<sup>36</sup>
- 4.33 Similarly, Mr Jason Harfield, CEO of Airservices Australia, explained that Airservices Australia has an 'aging demographic that is due to retire over the next three years'.<sup>37</sup>
- 4.34 Possible solutions offered by inquiry participants are discussed in Chapter 5 and the Government's plan for the future of aviation in Australia – the Aviation Recovery Framework – is discussed in Chapter 6.

### **Psychological and financial impacts on workers**

- 4.35 The impact of standdowns and job losses on the wellbeing, mental health and financial future of aviation sector workers was addressed in the committee's interim report. Since that report was tabled in March 2021, these impacts have continued to compound, with Delta, then Omicron, causing snap lockdowns and travel restrictions, knocking back an industry that was just struggling to its feet.
- 4.36 The effects of the pandemic on mental health within the aviation sector have been widespread. The committee heard that financial challenges, and the ongoing uncertainty faced by aviation workers, have had ongoing impacts on their psychological wellbeing.<sup>38</sup>
- 4.37 According to the FAAA, Qantas' move to terminate the EBA after '20 months of standdown' has had a 'devastating' impact on the already fragile mental health of many flight crew:
- 15 per cent reported having 'suicidal thoughts';
  - 34 per cent said 'they needed professional or medical help to cope';
  - one in eight had to 'leave their homes' during the standdown; and

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<sup>34</sup> Aviation Industry Reference Committee, *Skills Forecast 2019*, April 2019, p. 11.

<sup>35</sup> AIPA, *Submission 14*, p. 4.

<sup>36</sup> Australian Licensed Aircraft Engineers' Association, *Submission 32*, [p. 2].

<sup>37</sup> Mr Jason Harfield, Mr Jason, Chief Executive Officer (CEO), Airservices Australia, *Proof Committee Hansard*, 4 March 2021, p. 29.

<sup>38</sup> See: RRAT, *Interim report: Future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic*, March 2021.

- one in nine 'suffered a relationship breakdown from the stress of the standdown'.<sup>39</sup>

4.38 The Rural Doctors Association of Australia highlighted the flow-on health impacts of the pandemic response on sectors reliant on aviation, such as tourism. This included the mental health impacts for rural and remote Australians, many of whose livelihoods are dependent on those industries.<sup>40</sup>

### *Testimony from workers*

4.39 The committee heard evidence directly from a number of workers in the aviation and tourism sectors as part of the inquiry. This was explored extensively in the interim report, however these concerns continued to be raised by workers. Extracts are included in **Box 4.1** below.

#### **Box 4.1 Testimony from workers**

##### **Jayne—stood down multiple times**

'I have been in the aviation industry for about 10 years ... There is no doubt that the pandemic has been a worldwide disaster for aviation and its employees. For instance, last year my last shift was on 29 March, and I did not return to my job until April this year. Whilst we were grateful for the government package, as you know it was on a decreasing level. I know that actually brought quite a lot of hardship to many of my colleagues, and some of them were left with no alternative at all but to take a redundancy and look elsewhere for work ... at the current time I'm actually stood down again, until 3 October. Who knows whether that will be our last standdown. I just don't know.'—Ms Jayne Lacey, airline employee (guest services)<sup>41</sup>

##### **Claudine—struggled to make ends meet**

'I'm 43 years of age and I've been in the aviation industry for 21 years, since October 2000. ... My youngest has quite severe asthma, and my mother has just recovered from double breast cancer. I say this because during the COVID we've been terrified to be anywhere around my mother and terrified for my youngest. In April 2020 we were stood down from work with the information that the standdown would be for an eight-week period. Eight weeks came and went... In August 2020 we were financially in trouble, with strata bills banking up and with electricity bills. It caused us to reach out for help, for counselling. We've had to take out a \$20,000 loan to make ends meet'.—Ms Claudine Tenana, aviation worker for 21 years<sup>42</sup>

<sup>39</sup> Ms O'Toole, FAAA, *Proof Committee Hansard*, 3 March 2022, p. 5.

<sup>40</sup> Rural Doctors Association of Australia, *Submission 1*, p. 4.

<sup>41</sup> Ms Lacey, ASU delegate, *Proof Committee Hansard*, 6 September 2021, p. 13.

<sup>42</sup> Ms Claudine Tenana, Delegate, United Services Union, *Proof Committee Hansard*, 10 February 2021, pp. 6–7.

### **Tina—intermittent work and casual jobs**

'I worked as a pilot across Australia for a number of years and joined Qantas in 1999 in operations control. ... I was stood down before Easter 2020. I didn't work for six weeks. [Work is now intermittent.]... The financial and personal impact has been enormous. At one point in the last year I had five casual jobs. I currently have four casual jobs on top of the Qantas stand-up standdowns. I have done multiple courses in an attempt to upskill to secure better work. ... I live as frugally as I can. I have cancelled my health and other insurances to cut back on expenses. When this first started I was eating one meal a day. I haven't bought one piece of clothing in a year or had a haircut. I have used New South Wales state government electricity vouchers. Sydney is an incredibly expensive city and even the original JobKeeper rate was nowhere near enough to live on. I have withdrawn all the super I can to pay my existing expenses.'—Ms Tina Courtenay, Qantas flight dispatch worker<sup>43</sup>

### **Qantas cost cutting—increasing insecurity**

- 4.40 The pandemic revealed how insecure work has become for a significant proportion of the aviation workforce. Inquiry participants submitted that the majority of aviation workers are now employed on a permanent part-time or casual basis, and there has been an ongoing trend toward outsourcing as a cost saving measure by airlines over recent decades.<sup>44</sup>
- 4.41 According to the Transport Workers' Union (TWU), increased rates of outsourcing and labour hire can be traced back to the privatisation of Qantas and airports in the 1990s which, it argued, 'meant aviation companies made decisions that boosted their bottom lines, CEO pay packets and shareholder dividends but saw them reluctant to invest in their companies and left them exposed long-term'.<sup>45</sup> By 2015, over 40 per cent of Australian aviation workers were employed on a part-time or casual basis, and around 90 per cent of the Qantas Ground Services workforce was either part-time or casual.<sup>46</sup>
- 4.42 Early on in the inquiry the ACTU argued that a 'failure to support the aviation industry would likely accelerate these trends'.<sup>47</sup> This comment preceded the decision by Qantas in November 2020 to illegally outsource its ground

<sup>43</sup> Ms Tina Courtenay, Member, ASU NSW & ACT, *Proof Committee Hansard*, 10 February 2021, p. 2.

<sup>44</sup> See, for example: ASU, *Submission 19*, p. 9; Transport Workers' Union (TWU), *Submission 23*, p. 6.

<sup>45</sup> TWU, *Submission 23*, p. 4.

<sup>46</sup> TWU, [The Qantas Effect: The changing nature of aviation employment](#), December 2015, p. 2; TWU, *Submission 23*, p. 8.

<sup>47</sup> ACTU, *Submission 13*, p. 14.

handling operations at 10 airports—discussed at length in the committee's interim report.<sup>48</sup>

- 4.43 When the ACTU appeared before the committee again in March 2022, Ms O'Neil said there were now 'two crises in the aviation sector'—COVID and insecure work:

[Following] a pre-COVID period of aggressive management tactics of turning secure jobs into insecure ones through outsourcing and cost cutting ... the crisis of COVID has been their excuse to accelerate the crisis of insecure work. [E]mployers like Qantas use this crisis to deepen the insecure work crisis facing the workers that they rely on everyday. Three examples are: the plan to wipe out its entire ground operations workforce, aiming to never employ another baggage handler, ramp worker or cabin cleaner; implementing permanent changes to rostering, reducing average shift loadings and removing longstanding entitlements; and significant reductions to maintenance and repair staff.<sup>49</sup>

- 4.44 Qantas argued the company's decisions to illegally outsource ground handling, introduce 'a two-year wage freeze', and have 'difficult conversations about [its] long-haul cabin crew agreement' represent 'hard choices' the company had to make to ensure it 'had the right cost base to enable recovery'.<sup>50</sup> Witnesses refuted this suggestion, pointing to the alternative approaches taken by Virgin and Rex during the pandemic (discussed in the sections below).

- 4.45 Ms O'Toole observed that the effect of dividing the workforce through outsourcing and the use of labour hire and subsidiaries makes it particularly difficult to assert bargaining power:

Within the Qantas Group on one aircraft type, doing the same work on the same routes, you can have up to five different entities with five different sets of conditions. These entities are all subsidiaries or third-party labour hire companies. Additionally, where the union do try to take similar bargaining strategies on this work group doing the same work, we could run foul of pattern bargaining legislation.<sup>51</sup>

- 4.46 Ms O'Neil maintained that the issue of industrial relations is 'central' to understanding the challenges of the aviation sector caused by the pandemic. She argued that Qantas has 'used COVID as a cover to prosecute [a long-held] industrial relations agenda', and has taken actions against workers as a core part of the company's 'response to dealing with the crisis'.<sup>52</sup>

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<sup>48</sup> For further information, see: RRAT, *Interim report: Future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic*, March 2021, pp. 27–37.

<sup>49</sup> Ms O'Neil, ACTU, *Proof Committee Hansard*, 3 March 2022, p. 1.

<sup>50</sup> Mr Andrew McGinnes, Group Executive, Corporate Affairs, Qantas Group, *Proof Committee Hansard*, 3 March 2022, p. 12.

<sup>51</sup> Ms O'Toole, FAAA, *Proof Committee Hansard*, 3 March 2022, p. 6.

<sup>52</sup> Ms O'Neil, ACTU, *Proof Committee Hansard*, 3 March 2022, pp. 2–3.

4.47 Inquiry participants were also unhappy with the level of consultation with aviation workers by major employers, including Qantas, prior to major outsourcing and downsizing decisions during the pandemic. For example, Ms Darlene Bailey submitted that when Qantas sold the catering part of its business, 'the workforce had very little say and were not consulted'.<sup>53</sup>

#### **Qantas outsourcing of ground handling operations: an update**

4.48 Qantas' decision to outsource 2000 ground handling positions at 10 airports was the subject of a successful legal challenge by the TWU in the Federal Court of Australia. On 25 August 2021, Justice Michael Lee 'declared the decision to be unlawful'.<sup>54</sup>

4.49 Federal Court Justice Lee ordered that Qantas had contravened section 340(1)(b) of the *Fair Work Act 2009* (Cth) (Fair Work Act) when it announced the decision to outsource the jobs because it took 'adverse action against':

- (a) directly-employed Qantas Airways Limited and QCatering Limited employees who were covered under the *Transport Workers Agreement 2018*, 'by prejudicially altering Qantas employees' positions'; and
- (b) employees of Qantas Ground Services who were covered by the *Qantas Ground Services Pty Limited Ground Handling Agreement 2015*, 'by altering QGS' position to its prejudice in relation to its contract for services with Qantas'.<sup>55</sup>

4.50 Justice Lee did not accept Qantas' argument that, in deciding to outsource ground handling services, the decision-makers were 'solely concerned' with 'operational continuity'. Justice Lee was 'comfortably satisfied' that 'part of what distinctly mattered to [the decision-makers] was the prospect of employees exercising their 'workplace rights', such as through industrial action'.<sup>56</sup>

4.51 Subsequent hearings commencing 13 December 2021 allowed the Federal Court to hear evidence on whether or not the workers could or should be reinstated to their roles. On Friday 17 December, the Federal Court rejected the TWU's application for reinstatement of the workers' jobs. In making his judgement, Justice Lee 'noted that workers had been "deprived" by Qantas of the satisfaction of continuing having a job, but that it would be impractical to

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<sup>53</sup> Ms Darlene Bailey, *Submission 26*, [p. 1].

<sup>54</sup> Justice Michael Lee, [Transport Workers' Union of Australia v Qantas Airways Limited \(No 2\) \[2021\] FCA 1012](#) (accessed 12 November 2021).

<sup>55</sup> [2021] FCA 1012.

<sup>56</sup> Justice Lee, [2021] FCA 1012.

reinstate them'. The Court will now 'decide whether workers get compensation and what amounts', with further hearings due to take place in 2022.<sup>57</sup>

- 4.52 National Secretary of the TWU, Mr Michael Kaine, commented that court documents revealed that Qantas had prepared for the Federal Government to 'come out swinging' against the outsourcing decision, in light of the significant amount of government assistance provided to the airline through JobKeeper—assistance provided on the understanding that Qantas would keep workers engaged:

Of course, when the outsourcing decision was made Qantas, I guess, breathed a sigh of relief, because you could have heard a pin drop from the federal government. They said nothing and, to the extent that they did say something, they simply said, 'Well, this is the inevitable consequence of COVID.' It wasn't COVID at all; the Federal Court has blown the lid on that mythology. The reason those workers were outsourced was because they were a strong collective who had bargained for and achieved good terms and conditions and good job security, and who were ready, willing and able to bargain again in 2021—and, if necessary, exercise their industrial rights to take strike action in support.<sup>58</sup>

- 4.53 Mr Kaine said Virgin provided a counter example, having 'decided to maintain at current levels the insourced portion of their workforce', and even to seek opportunities 'to further insource those very small portions that have been outsourced'.<sup>59</sup>

### **Qantas long haul cabin crew Enterprise Bargaining Agreement dispute**

- 4.54 The Qantas corporate website says:

From assisting Australians in times of natural disaster to providing an international platform to showcase the best our country has to offer, the Qantas Group continues to make a significant social and economic contribution.

This tradition continued as Australia dealt with the COVID-19 pandemic. Qantas operated over 100 international repatriation flights on behalf of the Federal Government to bring Australians home from various hotspots, including Wuhan. These flights were flown by crew who volunteered for these missions.<sup>60</sup>

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<sup>57</sup> Nassim Khadem, '[Qantas workers who lost their jobs due to outsourcing will not be reinstated, Federal Court finds](#)', *ABC News*, 17 December 2021 (accessed 24 February 2022).

<sup>58</sup> Mr Michael Kaine, National Secretary, TWU, *Proof Committee Hansard*, 6 September, p. 18.

<sup>59</sup> Mr Kaine, TWU, *Proof Committee Hansard*, 6 September, p. 18.

<sup>60</sup> Qantas Airways Limited, Qantas in the community, <https://www.qantas.com/au/en/about-us/our-company/in-the-community.html#:~:text=Qantas%20is%20dedicated%20to%20creating,of%20the%20Elevate%20RAP%20community>, (accessed 11 March 2022).

- 4.55 Shortly after this 'significant social and economic contribution' made by Qantas' international cabin crew, on 20 January 2022, Qantas International applied to the Fair Work Commission to terminate its Long Haul Cabin Crew Enterprise Bargaining Agreement (EBA), the industrial instrument which sets those workers' pay and conditions.
- 4.56 According to Qantas, the application was lodged 'as a last resort to change restrictive and outdated rostering processes', after negotiations with the FAAA broke down.<sup>61</sup>
- 4.57 Ms O'Toole described the process when the FAAA appeared before the committee in March 2022. She said flight crew were brought back into the workplace in December 2021, and, 'within the first few weeks ... were asked to vote on a new enterprise agreement which would drastically reduce the conditions of many'. Ms O'Toole said the negotiations were different to previous rounds, with the union feeling sidelined and its suggested alternatives 'largely dismissed out of hand by the company'.<sup>62</sup>
- 4.58 According to the FAAA, the new EBA 'took out legacy conditions that had been built over the previous 40 years', introduced 'a new 28-day rostering system', and increased 'stand-by rostering, or being on call—a week of stand-by for 12 out of 13 weeks':
- This new system had the potential to disrupt a massive proportion of employees' lives, providing little to no work-life balance. Certainly it would make it almost impossible to have any certainty for any plans. The majority of crew are female and a significant proportion, 70 per cent, have carer's responsibilities. There is no doubt that our members will struggle doing one week in every four of stand-by and not having stability in their lives. However, when we raised these concerns they were ignored.<sup>63</sup>
- 4.59 The ACTU argued that, if the enterprise agreement is terminated, and flight attendants are 'forced back to the relevant award', some flight attendants who are currently on a base rate of pay of \$73 700, 'would come down to \$45 864 ... a \$27 836 pay cut'.<sup>64</sup>
- 4.60 Representatives from Qantas said the company's decision to go the Fair Work Commission and seek to have the EBA terminated was only taken after 'intensive engagement with the FAAA ... ended in a deadlock'. Group Executive of Corporate Affairs, Mr Andrew McGinnes, said the company needs to change the EBA so its international business can 'respond quickly to a market that's going through a very complicated restart'. He also said the

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<sup>61</sup> Qantas, ['Qantas responds to claims from the Flight Attendants Association of Australia and Transport Workers Union'](#), 7 February 2022 (accessed 28 February 2022).

<sup>62</sup> Ms O'Toole, FAAA, *Proof Committee Hansard*, 3 March 2022, p. 5.

<sup>63</sup> Ms O'Toole, FAAA, *Proof Committee Hansard*, 3 March 2022, p. 5.

<sup>64</sup> Ms O'Neil, ACTU, *Proof Committee Hansard*, 3 March 2022, p. 2.

proposal Qantas 'put on the table' included a wage increase of 'six per cent over the term of that agreement'.<sup>65</sup>

4.61 Qantas was asked to respond to the fact that its proposal provides a two-year wage freeze, followed by two per cent annual pay rises—which, being below inflation rates, represents a real wage cut every year for four years. Mr McGinnes said the 'pay freeze, and the two per cent wages policy beyond that, applies organisation wide'.<sup>66</sup>

4.62 When asked to vote on the new EBA, over 97 per cent of staff voted against it. The FAAA conducted a survey of members after the vote, asking 'why they voted no':

- 91 per cent were concerned about work-life balance;
- 85 per cent were concerned 'that they could not manage fatigue';
- 74 per cent were concerned 'about safety in their workplace';
- 80 per cent were concerned 'that fatigue would impact on their ability to respond in an emergency'; and
- 85 per cent were concerned that 'they would not be able to plan their lives'.<sup>67</sup>

4.63 Three weeks after the vote, Qantas applied to terminate the EBA instead of continuing the bargaining process. Ms O'Neil said the ability of employers to apply to terminate enterprise bargaining agreements 'during negotiations' represents a 'shocking development in the law', and an 'erosion of bargaining power for working people'. She said employing the 'tactic' has 'two effects', potentially *throwing* the workforce 'back onto the award ... with huge pay cuts', and secondly:

... even just the possibility of termination strengthens the negotiating power of employers in a way that is completely unbalanced. It has a chilling effect on workers banding together to bargain for better wages and conditions. It is a blunt instrument—a threat, designed completely to ensure that workers capitulate to proposals put by companies that they are not in genuine agreement with.<sup>68</sup>

4.64 Representatives from the Department of Infrastructure were asked if the minister has 'spoken with or met with Qantas about any issues relating to the international cabin crew enterprise bargaining agreement or termination application'. First Assistant Secretary of International Aviation, Technology and Services, Mr Richard Wood said: 'Not that we're aware of, no'. The

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<sup>65</sup> Mr Andrew McGinnes, Group Executive, Corporate Affairs, Qantas Group, *Proof Committee Hansard*, 3 March 2022, p. 12.

<sup>66</sup> Mr McGinnes, Qantas, *Proof Committee Hansard*, 3 March 2022, pp. 15–16.

<sup>67</sup> Ms O'Toole, FAAA, *Proof Committee Hansard*, 3 March 2022, p. 5.

<sup>68</sup> Ms O'Neil, ACTU, *Proof Committee Hansard*, 3 March 2022, pp. 1–2.



Department then took the question on notice to ensure the response was accurate.<sup>69</sup>

4.65 According to the ACTU, the provisions in Australia's industrial relations law that allow for employers to apply to terminate agreements were never 'intended' to be used this way, and 'no-one who cares about basic fairness should support this use of the law'.<sup>70</sup> Ms O'Toole added that this use of the law:

... encourages an employer to avoid meaningful negotiations and just dictate whatever changes it likes. It gives companies a dangerous power over workers that drives down wages, conditions and safety standards.<sup>71</sup>

4.66 Ms O'Toole said that, faced with being moved onto the award, the FAAA has 'fought very hard to get Qantas to come back to the table and conciliate', and has 'managed to get the original deal back on the table because anything is better than the modern award'. However, workers feel forced to accept the deal with 'a gun to their heads'.<sup>72</sup>

4.67 Ms O'Toole noted the difference between the Qantas process and the process with Virgin. Despite its challenging financial position, Virgin was 'completely respectful' and upfront during EBA negotiations, reaching a 'mutually agreed position' with cabin crew. Ms O'Toole concluded:

We understand COVID. We understand the company lost money. We offered solutions to just about every problem they put forward, and all of them were ignored. When we look at where we were with Virgin: they listened, they were respectful and where we could get a mutually agreed position they accepted that. It was the polar opposite of what were the negotiations with Qantas.<sup>73</sup>

### Testimony from workers

4.68 **Box 4.2** below includes testimony from current and former Qantas workers impacted by these decisions. Some workers have chosen to remain anonymous in order to protect their identities at work. However, all were properly identified at the time of providing evidence, and have consented to the use of evidence in this way. Emphasis has been added.

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<sup>69</sup> Mr Richard Wood, First Assistant Secretary, International Aviation, Technology and Services, DITRDC, *Proof Committee Hansard*, 3 March 2022, p. 20.

<sup>70</sup> Ms O'Neil, ACTU, *Proof Committee Hansard*, 3 March 2022, p. 2.

<sup>71</sup> Ms O'Toole, FAAA, *Proof Committee Hansard*, 3 March 2022, p. 6.

<sup>72</sup> Ms O'Toole, FAAA, *Proof Committee Hansard*, 3 March 2022, p. 5.

<sup>73</sup> Ms O'Toole, FAAA, *Proof Committee Hansard*, 3 March 2022, p. 8.

## Box 4.2 Testimony from current and former Qantas workers

### Brett—former ground services worker

'I have worked for Qantas in ground services in baggage and ramps for a little over 8½ years. I've also been a health and safety rep and a delegate for the Transport Workers Union.

Qantas love to talk a big story, the great public image of the spirit of Australia. The best example I can give of this is R U OK Day. Qantas would get on their own internal socials and external socials and preach about how much they supported R U OK Day and the mental health of its workers. **Nothing could be further from the truth. We've been treated like old-model cars sold off by dodgy second-hand car salesmen. A number of staff are now suffering mental health issues as a direct result of the extremely poor and stressful times and situations they have been forced to deal with throughout this entire process.** I personally now suffer from anxiety disorder which, when triggered, can bring on physical sickness. It's extremely embarrassing and very hard to cope with.

Another point I wish to raise is one that absolutely disgusts me to my core. It's ironic, it's laughable, that, on the very day that Qantas and its very expensive lawyers were in court to appeal the ruling that outsourcing was, in fact, deemed illegal, Qantas launched its own staff loyalty program. At this point, I'm going to borrow a quote from Greta Thunberg: 'How dare you!' **How dare you, Qantas! You had loyal staff. You had hardworking, dedicated staff that missed Christmases, birthdays, Easters, moments with their children and in their children's lives, and you threw them to the wayside and called us collateral damage.**' —Mr Brett Langford, Former TWU Delegate and former Qantas worker<sup>74</sup>

### Current Qantas flight crew worker stories—evidence taken and presented anonymously to protect their employment

'Approaching the first anniversary of the Qantas grounding, there seemed to be life. I'd heard that there was repatriation flying, and bubble flying to Auckland might be reopening.

Being immunocompromised I was extremely hesitant at putting my health on the line, but I had no choice. Dealing with ever-mounting debt and my mental and emotional wellbeing being completely in tatters—I actually had Beyond Blue and Lifeline on speed dial on my phone—I felt the only way forward was to return to flying and risk my health. This proved to be a very bad decision as I contracted COVID. ... Since then, I have developed multiple ailments which now the medical community are calling 'long COVID'. I am burning through my sick

<sup>74</sup> Mr Brett Langford, Former Delegate, TWU, *Proof Committee Hansard*, 3 March 2022, p. 7. Emphasis added.

leave at an alarming rate and will soon exhaust my sick leave and start having to use my annual leave just to pay the bills.

**As a work group, flight attendants have been the hardest hit by this global pandemic.** The rest of the Qantas returned to working from home or showing up at the office one day a week. It was something to keep them engaged and employed. The JobKeeper helped to a point, only to be replaced by aviation keeper, which ended far too soon. **I now sit at home and wait for a call to come to work. ... After crawling through the belly of hell, Qantas has now applied to terminate my EBA—an EBA that was, up to this point, negotiated in good faith by both parties. ... I have never felt so destroyed in my ... years.** I have sought mental help for my depression and anxiety as well as my COVID ailments. I have worked for over [30] years for Qantas, only for Qantas then to turn around and stick my face in the mud...' —Qantas flight crew member of over 30 years (emphasis added)

'I have been with Qantas for a bit over 18 years, [xx] of which have been with international cabin crew. ... I'm under what's called Qantas Cabin Crew Australia, which is a lesser contract, for lack of a better word. ...

Basically, **when COVID happened two years ago, the rug was pulled out from under us. You wouldn't believe the things I've had to do to survive during COVID.** I was working between three and four casual jobs because it was impossible to get full-time work anywhere. **There were so many Qantas people looking for jobs. ... It took me six months to get a job.** JobKeeper was very helpful; I'm appreciative for that and for the international readiness payment that continued. But it wasn't enough to cover my bills. I have multiple loans ... and I have over \$100,000 of debt for my flight training that I had to pay for, which I couldn't. I had to put all the loans on hold, so my interest went up, and my costs were going up. I had to draw down \$20,000 on my super. ... I was going backwards again, cutting into my savings. **It was like that for two years. I've been run ragged; I'm shattered; I've had no time to do anything but just survive, holding out hope that the pandemic would end.**

Then I finally got back to Qantas, and they started the EBA negotiations—I use that term extremely loosely. Basically, the company just held the EBA out in front of us and said: 'This is it; take it, or leave it. That's it.' ... 97 per cent of us voted no. A couple of weeks later, they ran straight to the Fair Work Commission and applied to cancel it and I thought, 'What's the point of having a vote?'

If they cancel [the EBA and go to the award], I'm done. I don't know anything but aviation. I've been in aviation since 1998, since before I finished school. It's all I know. It's all I'm good at. Many of my crew are in the same position. ... **I feel like I'm worthless. I feel like a cost index on a spreadsheet. We're treated like a dispensable asset.** Something needs to change with the laws. Enough's enough.' —Qantas flight crew member, with Qantas over 18 years (emphasis added)

'For \$23 an hour I might as well go and work at Bunnings ... **We don't want to**

**leave the industry. We love the industry. We just want to be paid a fair working wage with conditions that are fair to everyone.** We don't want to take the company for a ride, but we want to have a fair chance, have a fair working wage and fair working conditions and be recognised for the contributions we make and the sacrifices we make by volunteering to go overseas for days and weeks on end and not see family and miss friends' and family's birthdays and deaths in the family.' —Qantas flight crew member, with Qantas over 18 years

### A Safe and Secure Skies Commission

4.69 The ACTU, the ASU and the TWU all called for the establishment of a Safe and Secure Skies Commission. Mr Kaine said the aviation sector needs 'a standing tribunal or commission that can look at aviation and make sure that standards are kept and that each player in the aviation market is paying its fair share and pulling its own weight'.<sup>75</sup>

4.70 Unions proposed that the Commission be given the ability to:

- Make binding and enforceable orders to ensure that there are appropriate standards (including safety) for all participants in the aviation supply chain which will ensure that competition is underpinned by a level playing field aimed at creating jobs and a sustainable and viable aviation sector;
- Provide for enforceable terms and conditions for all aviation workers based on the principle of 'same job, same pay' that maximises secure and direct hire jobs and ensures that any tenders do not undercut existing terms and conditions of workers;
- Resolve any dispute on a single or industry basis within the supply chain;
- Make any orders on any supply chain participant/s necessary to fulfil the aims of the SSSC; and
- Inquire and make recommendations to the Australian Government with regards to any issues facing the sector including the use of significant purchasing power through procurement policy.<sup>76</sup>

4.71 The TWU explained that a Safe and Secure Skies Commission is necessary to address the fundamental market imbalances apparent in aviation. It submitted that:

Rather than simply react to each inevitable crisis as it comes, and particularly if Government ownership is not going to be pursued, there needs to be an independent body in place capable of intervening in the market to correct the fundamental power imbalances within the industry and better manage the volatile aviation cycle.<sup>77</sup>

<sup>75</sup> Mr Kaine, TWU, *Proof Committee Hansard*, 6 September 2021, p. 20.

<sup>76</sup> ACTU, *Submission 13*, p. 16; ASU, *Submission 19*, pp. 9–10; TWU, *Submission 23*, pp. 43–44.

<sup>77</sup> TWU, *Submission 23*, p. 43.

## Future workforce supply issues

- 4.72 Pre-COVID have suggested increased demand for aviation services, with global passenger numbers set to double to 8.2 billion by 2037, and a corresponding pressure for skilled workers.<sup>78</sup> With dwindling numbers of new workers entering the sector at this point in time, the aviation workforce is lagging demand, and Australia is facing a growing shortage of aviation workers. Meanwhile, unprecedented demand for aviation workers is growing across the Asia Pacific region.
- 4.73 The 2018 *Expert Panel Report on Aviation Skills and Training* identified a number of issues contributing to the current situation, many of which were echoed by inquiry participants. These included:
- the lack of a strong policy direction and coordination;
  - the level and availability of student loans;
  - visa and eligibility requirements for temporary migration of skilled overseas personnel;
  - the age profile of the aviation workforce;
  - cost barriers to entry; and
  - lack of availability of experienced flight instructors.<sup>79</sup>
- 4.74 In 2019, the Australian Industry and Skills Committee reported a shortage of licensed maintenance engineers, pilots, flight instructors and safety personnel. Industry stakeholders attributed these shortages to the cost and time to achieve the required qualification, greater competition for skilled labour, an ageing workforce and low remuneration.<sup>80</sup>
- 4.75 Boeing reiterated these concerns in its *Pilot and Technician Outlook 2021-2039*. It predicted that global demand for additional aviation workers will increase over the next 20 years, with 612 000 new pilots, 626 000 new maintenance technicians and 886 000 new cabin crew members needed to fly and maintain the global commercial fleet.<sup>81</sup>
- 4.76 Evidence before the committee similarly emphasised the issue of skills shortages as a global problem. Ms Margy Osmond, CEO of the Tourism and Transport Forum, said:

It's not just pilots within our sector, to be honest. In a wider sense, it's a huge range of other skills within the industry that are in amazingly short

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<sup>78</sup> International Air Transport Association, 'IATA Forecast Predicts 8.2 billion Air Travelers in 2037', *Press Release No. 62*, 24 October 2018; ACTU, *Submission 13*, p. 8.

<sup>79</sup> Expert Panel on Aviation Skills & Training in Australia, [Report of the Expert Panel on Aviation Skills & Training](#), July 2018 (accessed 30 March 2021).

<sup>80</sup> Aviation Industry Reference Committee, [Skills Forecast 2019](#), April 2019, p. 24 (accessed 30 March 2021).

<sup>81</sup> Boeing, *Pilot and Technician Outlook 2021-2039*, 2020, pp. 2 and 7.

supply just about everywhere in the world. That's why it's going to add such complexity to rebuilding the industry, because it's not going to be as simple as just saying, 'Well, we'll get them from other countries.'<sup>82</sup>

- 4.77 As noted in the committee's interim report, employers in the aviation sector took a number of different actions in response to COVID-19. Major employers, such as airlines, stood down or laid off thousands of workers while others suffered large job losses.<sup>83</sup>
- 4.78 Ms Debbie Paylor, General Manager of the Industry Skills Advisory Council Northern Territory, summed up the situation:

From the front line—the major airlines—we're seeing some early retirement. We're seeing workforce being stood down and retrenched. Many in that workforce may not return. The long-term effects of that is that it's three to four years to retrain staff. In the aviation sector, that's longer. There's a series of hoops that they need to jump through before they become the full, licensed aircraft maintenance engineers. So, whilst training starts at Cert II and then there's initial industry uptake, in order to become that fully experienced workforce, that's a journey of seven to eight years. That's the impact we're going to feel.<sup>84</sup>

### *Factors affecting workforce supply*

- 4.79 Submitters identified a number of factors affecting workforce supply, with some calling for the Australian Government to introduce specific strategies to provide assistance to students and employers. This evidence is discussed below.

### **Competition for skilled workers**

- 4.80 As air travel increases, Australian airlines and airports are facing greater competition for skilled labour. The committee heard that qualified pilots and engineers are already in great demand and inquiry participants highlighted that there is significant competition for relevant skills, not only within aviation, but across many other sectors.<sup>85</sup> In addition, the Australian Federation of Air Pilots (AFAP) informed the committee that many countries are raising pilot wages to attract foreign-trained talent to support their growth; for example, Australian pilots are being targeted by airlines in the United States, offering large sign-on bonuses and retention payments.<sup>86</sup>

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<sup>82</sup> Ms Osmond, Tourism and Transport Forum, *Proof Committee Hansard*, 6 September 2021, p. 9.

<sup>83</sup> For further information, see: RRAT, *Interim report: Future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic*, March 2021, March 2021.

<sup>84</sup> Ms Debbie Paylor, General Manager, Industry Skills Advisory Council Northern Territory, *Proof Committee Hansard*, 8 September 2021, pp. 17–18.

<sup>85</sup> See, for example: Professionals Australia, *Submission 4*, p. 3.

<sup>86</sup> Australian Federation of Air Pilots (AFAP), *Submission 3.1*, p. 4.

4.81 Captain Louise Pole, President of the AFAP, added that:

Pilots will travel all round the world to gain employment, and, as you said, if the market shifts significantly, the wages on offer will be very high in other parts of the world to try to attract people to, let's say, less desirable locations to live and work. They offer up these types of incentives for people to go. That will exacerbate our problem in Australia of not having current pilots to be able to work once the industry ramps up again.<sup>87</sup>

4.82 In 2018, the Expert Panel on Aviation Skills & Training in Australia raised similar concerns that internationally-based airlines will increasingly look to Australia as a source of highly qualified and experienced airline pilots, flight instructors and licenced maintenance engineers which will further exacerbate the present shortages of aviation professionals in Australia.<sup>88</sup>

4.83 Several submitters, including Professionals Australia and the AIPA, recognised that 'the aviation sector is struggling to provide market competitive employment conditions'.<sup>89</sup>

### **Barriers to entry**

4.84 In addition, the committee heard that securing a pipeline of new entrants has been a key challenge for the aviation sector due to barriers to entry, including the cost of training and the relative insecurity of many of the jobs, especially ground handling roles.

4.85 Training is particularly expensive in the aviation sector. Evidence regarding the cost of relevant pilot and engineering training was explored in the committee's interim report.<sup>90</sup> The AFAP explained that it is not uncommon for employers to require pilots to enter training bonds or incur personal debts in order to undertake training.<sup>91</sup> It argued that:

Aviation is a form of national infrastructure and the problems with the pilot licensing ruleset, and associated funding norms, will have a material effect on aviation's ability to recover from the economic trench that the pandemic has kicked it into.<sup>92</sup>

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<sup>87</sup> Captain Louise Pole, President, AFAP, *Proof Committee Hansard*, 6 September 2021, p. 36.

<sup>88</sup> Expert Panel on Aviation Skills & Training in Australia, [Report of the Expert Panel on Aviation Skills & Training](#), July 2018, p. 4.

<sup>89</sup> See, for example: Professionals Australia, *Submission 4*, p. 3.

<sup>90</sup> For further information, see: RRAT, *Interim report: Future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic*, March 2021, pp. 43–46.

<sup>91</sup> AFAP, *Submission 3*, p. 6.

<sup>92</sup> AFAP, *Submission 3*, p. 7.

4.86 Mr Glenn Rutherford, Member of the Australian Aviation Ground Handling Industry Alliance, was concerned that ground handling, in particular, 'is a very unattractive sector to work in right now' due to insecure working conditions.<sup>93</sup>

### **The need for further research**

4.87 A number of inquiry participants called for the Australian Government to investigate future workforce demand in Australia, along with the capacity of the Australian training and certification systems to meet expected increases in demand resulting from the pandemic recovery.<sup>94</sup>

### **Committee view**

4.88 The committee agrees with the Australian Federation of Air Pilots, that the COVID-19 crisis 'has been a driver of disruption', and has:

... laid bare the true state of a fragile and unstable aviation sector susceptible to the excesses of poor corporate practices and insufficient government-based protections and directions.<sup>95</sup>

4.89 The pandemic has demonstrated the volatility of the aviation sector and its vulnerability to external shocks. However, the committee also agrees with the AFAP that some of 'disproportionate damage' to the aviation sector 'was largely avoidable'.<sup>96</sup>

4.90 Choices made by Qantas have negatively impacted workers and left Australian aviation weaker, less safe, and less sustainable. This year, Qantas plummeted from its status as the world's safest airline down to seventh for the first time since 2013, in the aftermath of its decision to illegally terminate and outsource its entire ground crew workforce.

4.91 What were once reasonably-paid, secure jobs have increasingly been replaced by low-paid and insecure jobs filled increasingly by less experienced workers. Workers have been made to feel undervalued or dispensable, and many of those not outsourced have left the sector, with the trauma still impacting their mental and physical health, their financial security, and their morale.

4.92 The committee does not accept the argument that illegally outsourcing 2000 ground handling workers, and forcing flight crew to accept a new EBA by threatening to revert to the award, were 'hard choices' Qantas had to make to survive the pandemic. Other airlines had to make hard choices too, but did not take these kinds of actions; other airlines did not choose to break trust with

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<sup>93</sup> Mr Glenn Rutherford, Member, Australian Aviation Ground Handling Industry Alliance, *Proof Committee Hansard*, 3 March 2021, p. 36.

<sup>94</sup> See for instance: AIPA, *Submission 14*, p. 3; Canberra Airport, *Submission 10*, p. 6.

<sup>95</sup> AFAP, *Submission 3*, p. 4.

<sup>96</sup> AIPA, *Submission 14*, p. 2.



their workers, or abandon the fair and balanced bargaining processes that have helped create a strong and healthy aviation sector over many decades.

- 4.93 As Justice Lee stated when explaining that Qantas had broken the law when it outsourced the workers,<sup>97</sup> the committee believes Qantas made these choices to avoid employees exercising their workplace rights, or to curtail the bargaining process so it could progress its agenda unheeded.
- 4.94 The actions of Qantas during the pandemic demonstrate the need for an industry 'watchdog'; an independent body with the power to make and enforce binding standards on the aviation sector, including supply chain participants.
- 4.95 There is merit in the idea of a Safe and Secure Skies Commission, as proposed by the TWU, ACTU and the ASU. We note that the Senate Select Committee on Job Security collected evidence from Qantas, workers, unions and ground handling contractors, including Swissport, and made a number of observations and recommendations in relation to these issues.<sup>98</sup>
- 4.96 There is a perverse situation at Qantas where in good times, the Qantas Board makes Mr Joyce the highest paid CEO in Australia, and the highest paid airline CEO in the world. In the four years before the pandemic, Qantas also engaged in more share buybacks than any other ASX 200 company.<sup>99</sup>
- 4.97 While rivers of gold flow to Mr Joyce and Qantas' major shareholders in good times, during COVID-19 Qantas has viciously and illegally slashed pay and conditions from its ground and cabin crew, even while being the single largest recipient of public bailout funds in Australia.
- 4.98 Mr Joyce and the Qantas management cannot continue to be allowed to have their cake and eat it too. It is essential that restrictions are placed on future public bailouts to Qantas and others, to counterbalance extravagant and self-indulgent corporate malfeasance.
- 4.99 The committee supports Recommendations 16 and 17 from the Senate Select Committee on Job Security's *Third interim report: labour hire and contracting*.<sup>100</sup>

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<sup>97</sup> Justice Lee, [2021] FCA 1012.

<sup>98</sup> See: Senate Select Committee on Job Security, *Third interim report: labour hire and contracting*, November 2021, pp. 102–116 (accessed 6 March 2022); Select Committee on Job Security, *Proof Committee Hansard*, 8 December 2021, pp. 29–34 (Swissport evidence).

<sup>99</sup> Financial Review, *Buyback keep Qantas flying*, <https://www.afr.com/chanticleer/buybacks-keep-qantas-flying-20190822-p52jmp>, accessed 11 March 2022.

<sup>100</sup> Select Committee on Job Security, *Third interim report: labour hire and contracting*, November 2021, pp. 115–116.

## Recommendation 1

**4.100 The committee recommends that the Australian Government adopts Recommendations 16 and 17 from the Senate Select Committee on Job Security's *Third interim report: labour hire and contracting*:**

### **Recommendation 16**

**The committee recognises the merit of an independent body with the power to make and enforce binding standards on aviation supply chain participants, including airports and their central role. Those standards include 'same job, same pay' for outsourced and labour hire workers performing functions directly connected to aviation operations, job security protections, and fair procurement standards. The committee recommends the Australian Government consults with industry participants, including unions, employers, and other stakeholders on the development of this body.**

### **Recommendation 17**

**The committee recommends the Australian Government imposes obligations upon companies in receipt of future public bailouts, which prioritise job security and guarantee that companies cannot follow Qantas' lead, and exploit emergencies to engage in illegal workforce restructuring.**

4.101 The aviation sector's requirement for a skilled and diverse workforce is well established and the committee believes that developing workforce capability and career paths is essential to meet the rising skills shortfall.

4.102 The Australian Government plays an important role in assisting the aviation sector to meet future demand for skilled labour.

4.103 Australia's aviation sector is facing a two-fold dilemma caused by a lack of new entrants to the sector, and the loss of experienced workers to retirement, or into more secure sectors. This loss is being exacerbated by the cost barriers faced by individuals and businesses wanting to gain qualifications and certifications in the sector—an issue raised by numerous inquiry participants.

4.104 The possibilities COVID-19 offers for progressive reform should not be ignored. In order to turn the impending shortfall of skilled aviation workers into an industry development and export opportunity, industry and government need to be engaged in a conversation. Most immediately, strategies are required for:

- rebuilding sufficient domestic capacity to ensure Australian airlines can handle increasing air travel;
- keeping the present generation of pilots, licensed aircraft maintenance engineers, ground handlers and flight crew productively-employed, with their skills current, until market demand makes a full recovery; and

- reforming and investing in the aviation training system to ensure that a new generation of properly-qualified engineers and pilots will be available to replace the retiring workforce.
- 4.105 This work cannot be done without first identifying the sector's workforce development challenges and priority skills needs, as well as better understanding the impacts of job insecurity on attracting and retaining a skilled aviation workforce for the future.
- 4.106 This inquiry has provided an opportunity to conduct a high-level examination of the key issues contributing to the current shortage of aviation workers in Australia. Due to the limited time, and wide scope of the terms of reference, this is not intended to be an exhaustive report.
- 4.107 The committee recognises that more detailed work is required—by both industry and government—to identify future solutions to reduce barriers to entry, increase job security, make the sector more attractive to emerging professionals, and increase retention of skilled aviation workers.
- 4.108 The committee was surprised that the Aviation Recovery Framework released in December 2021 made no attempt to address these substantial issues facing the existing aviation workforce.

## **Recommendation 2**

**4.109 The committee recommends that the Australian Government urgently works with industry, unions professional associations, and aviation sector experts, to prepare a comprehensive white paper on the future of the aviation sector post-pandemic, including aviation workforce issues such as:**

- **the ongoing impacts of job insecurity, wage decline and the erosion of safe work conditions on the aviation workforce, in the context of the pandemic and the sector's recovery;**
- **measures to lift wages, conditions and standards at airlines and airports around Australia, including aviation workers performing the same job are entitled to the same pay, and holding airlines and others at the top of aviation supply chains responsible for standards throughout the chain;**
- **options for lifting workforce supply to support the projected growth in aviation activity; and**
- **approaches to ensuring that workforce growth results in the creation of a sustainable, highly-skilled and secure workforce for the long-term.**

**Outcomes from the white paper process should inform a national plan for investing in aviation sector workforce retention, training and capacity building to ensure sustainability over the medium and long-term.**

4.110 Evidence responding to specific government support measures that were introduced during the pandemic and designed to maintain aviation workforce capability is discussed in Chapter 5.

# Chapter 5

## Maintaining aviation workforce capacity

- 5.1 Skills shortages and workforce retention are key problems facing the aviation sector. The sector is experiencing acute staff shortages, with skilled workers having left to find more secure work. The pandemic has also exacerbated pre-existing problems in the aviation sector, including outsourcing in crucial safety and regulatory roles.<sup>1</sup>
- 5.2 In response to the COVID-19 crisis, the Australian Government introduced a range of support measures designed to maintain aviation workforce capability. This included:
- the JobKeeper payment;
  - the Retaining Domestic Airline Capability (RDAC) program;
  - the Aviation Services Accreditation Support (ASAS) program;
  - the International Aviation Support (IAS) program; and
  - the Tourism Aviation Network Support (TANS) program.
- 5.3 Inquiry participants largely welcomed this assistance. However, several highlighted poor program design, insufficient support, and concerns about eligibility criteria. Throughout the inquiry, the committee received a number of recommendations aimed at improving job security, supporting attraction and retention of employees, and safeguarding the future of the aviation workforce.
- 5.4 The International Transport Workers' Federation (ITF) noted in their submission to the inquiry that relative to international standards, the quantum of support provided by the Australian Government is "modest", ranking at 18<sup>th</sup> out of 28 OECD countries as of August 2020.<sup>2</sup>
- 5.5 This chapter is focussed on the adequacy of Australian Government support and initiatives in maintaining Australia's aviation workforce. After presenting evidence on these payments and programs, the chapter considers proposals for future measures, concluding with the committee's view and recommendations.

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<sup>1</sup> For further information, see: Rural and Regional Affairs and Transport References Committee (RRAT), [\*Interim report: Future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic\*](#), March 2021.

<sup>2</sup> International Transport Workers' Federation, *Submission 18*, pp. 10-11.

## Australian Government support and initiatives

### *JobKeeper payment scheme*

- 5.6 The JobKeeper scheme concluded on 28 March 2021. Prior to this, the committee received extensive evidence in favour of extending JobKeeper to preserve aviation capacity, foster consumer confidence and sustain aviation workers. The committee discussed this evidence in its interim report and recommended the continuation of the payment.
- 5.7 Since the interim report, inquiry participants have criticised the decision to end JobKeeper and maintained that there is a continuing need for support in the form of a wage subsidy. For instance, Mr Ken Dougherty from the New South Wales (NSW) and ACT Branch of the Australian Services Union (ASU), spoke to his experience as ground handler. He advised that, without support, many workers 'have had to resign, as there have been no redundancies and there don't look to be any in the future for the ground handlers, and they just can't survive with no income'.<sup>3</sup>
- 5.8 Ms Margy Osmond, Chief Executive Officer (CEO) of the Tourism and Transport Forum, explained that, 2021 is 'much worse' than 2020 because 'we no longer have JobKeeper to support the industry, which has been a critical prop to the industry'.<sup>4</sup> Ms Osmond argued that the sector 'has most definitely not moved on, and, for our industry, [the need for support] is both appropriate and urgent'.<sup>5</sup> She repeated calls for JobKeeper to be extended to the wider sector.<sup>6</sup>
- 5.9 Mr Tom Manwaring, Chair of the Australian Federation of Travel Agents, highlighted the impacts of the withdrawal of JobKeeper on the travel sector. He explained that 'without the ongoing support and without confidence returning and definitive open borders, international and domestic, we will lose a lot of people'. The solution, he argued, was payroll support.<sup>7</sup>

### *Retaining Domestic Airline Capability (RDAC) program*

- 5.10 The RDAC program provided funding to eligible airlines to maintain domestic airline capabilities. Airlines could use the funds for eligible costs which, depending on operational needs, may include replacing wages (\$750 per week

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<sup>3</sup> Mr Ken Dougherty, Member, New South Wales and ACT Branch, Australian Services Union (ASU NSW & ACT), *Proof Committee Hansard*, 6 September 2021, p. 14.

<sup>4</sup> Ms Margy Osmond, Chief Executive Officer (CEO), Tourism and Transport Forum, *Proof Committee Hansard*, 6 September 2021, p. 7.

<sup>5</sup> Ms Osmond, Tourism and Transport Forum, *Proof Committee Hansard*, 6 September 2021, p. 9.

<sup>6</sup> Ms Osmond, Tourism and Transport Forum, *Proof Committee Hansard*, 6 September 2021, p. 8.

<sup>7</sup> Mr Tom Manwaring, Chair, Australian Federation of Travel Agents, *Proof Committee Hansard*, p. 25.

per eligible employee), aircraft storage costs and other plant and machinery maintenance, and training, licensing and accreditation costs necessary to maintain key staff and equipment in a flight-ready state.<sup>8</sup>

- 5.11 When it appeared before the committee for a second time in March 2022, the Department of Infrastructure, Transport, Regional Development and Communications (the Department, Department of Infrastructure) was asked to provide metrics around the program; specifically to demonstrate how the committee could 'have confidence that taxpayer money has been well spent'. First Assistant Secretary of Domestic Aviation and Reform, Ms Janet Quigley, said the program has supported 'more than 13 000 workers ... ensuring that they could maintain their connection with their organisation'. The RDAC was paid to Qantas, Virgin, Rex, Link Airways and King Island Airlines, which used the funding to 'support training' and supplement income, as well as for things like 'aircraft maintenance, so that they were flight ready'.<sup>9</sup>

### **Funding conditions**

- 5.12 Inquiry participants raised a number of concerns regarding the RDAC program. In particular, the committee heard that, in the absence of appropriate funding conditions, 'the money goes to the employer to do whatever they like with'.<sup>10</sup> Ms Emeline Gaske, from the ASU highlighted the lack of clarity on 'how much of that money they need to pass on to the workers and under what circumstances'.<sup>11</sup>
- 5.13 Qantas said the program provided 'a lifeline' for people affected by standdowns, and enabled 'Qantas to keep in contact with those people and provide training'. Group Executive of Corporate Affairs, Mr Andrew McGinnes, said:

That's been happening, and there's been a lot of training, whether it's cabin crew, engineering or pilots, to keep their skills up to speed. What I would also say is that a lot of the minimum networks that we were running, both internationally and domestically, also had that benefit because people were still on the job. It kept the aircraft moving, it kept people flying, it kept people current. That was really important as well.<sup>12</sup>

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<sup>8</sup> For further information, see Business.gov.au, *Funding for domestic airlines*, <https://business.gov.au/grants-and-programs/Retaining-Domestic-Airline-Capability-Program> (accessed 13 December 2021).

<sup>9</sup> Ms Janet Quigley, First Assistant Secretary, Domestic Aviation and Reform, Department of Infrastructure, Transport, Regional Development and Communications (DITRDC), *Proof Committee Hansard*, 3 March 2022, p. 23.

<sup>10</sup> Ms Emeline Gaske, Assistant National Secretary, ASU, *Proof Committee Hansard*, 6 September 2021, p. 12.

<sup>11</sup> Ms Gaske, ASU, *Proof Committee Hansard*, 6 September 2021, p. 12.

<sup>12</sup> Mr Andrew McGinnes, Group Executive, Corporate Affairs, Qantas Group, *Proof Committee Hansard*, 3 March 2022, p. 14.

5.14 In response to these concerns, Ms Diane Brown, Acting Deputy Secretary of the Department of Infrastructure, stated that the programs 'are about retaining capability. It's a matter for airlines how they retain capability'.<sup>13</sup>

### **Exclusion of ground handlers**

5.15 Participants remarked with concern that only airline employees were eligible for support under the RDAC. Mr Stuart Richardson from the Australian Aviation Ground Handlers Industry Alliance (AAGHIA) noted that of the 9800 aviation workers employed as specialist aviation ground handler workers, all had been excluded from this funding, and up to 4000 were receiving no funding at all.<sup>14</sup>

5.16 Ms Gaske was 'gravely concerned' by the exclusion of thousands of aviation workers not employed by airlines, saying:

If we do want to genuinely retain a domestic airline capacity, we have to support the critical workforces that will deliver that airline capacity going forward, and that includes ground handlers. The fact that they have been excluded from this scheme is just another kick in the guts for those workers.<sup>15</sup>

5.17 Participants highlighted a number of unintended consequences that flowed from the decision to exclude ground handlers from the RDAC, including the loss of skilled workers who have left the sector in search of more secure work.<sup>16</sup>

5.18 Spokesperson for the AAGHIA, Ms Ann Marie Jackson said, '[w]ithout aviation ground operations workers, planes cannot fly'.<sup>17</sup> According to the AAGHIA, it would take six months to recruit, train and accredit new staff before ground operations can resume, at an estimated cost of \$15 000 per person.<sup>18</sup> Ms Jackson explained:

For safety reasons, we wouldn't expect just to employ new staff off the street and have them in front of aircraft within a four- to six-week period. There's a lot of training and a lot of compliance. For safety, we just wouldn't do that.<sup>19</sup>

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<sup>13</sup> Ms Diane Brown, Acting Deputy Secretary, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 30.

<sup>14</sup> Mr Stuart Richardson, Spokesperson, Australian Aviation Ground Handlers Industry Alliance (AAGHIA), *Proof Committee Hansard*, 6 September 2021, p. 3.

<sup>15</sup> Ms Gaske, ASU, *Proof Committee Hansard*, 6 September 2021, p. 13.

<sup>16</sup> Ms Ann Maree Jackson, Spokesperson, AAGHIA, *Proof Committee Hansard*, 6 September 2021, p. 2.

<sup>17</sup> Ms Jackson, AAGHIA, *Proof Committee Hansard*, 6 September 2021, p. 2.

<sup>18</sup> Mr Glenn Rutherford, Member, AAGHIA, *Proof Committee Hansard*, 3 March 2021, p. 37.

<sup>19</sup> Ms Jackson, AAGHIA, *Proof Committee Hansard*, 6 September 2021, p. 3.



- 5.19 The committee heard that this labour shortage had the potential to artificially cap the number of flights that could occur, despite increasing consumer demand for air travel. Ms Jackson contended 'the likelihood of aircraft being grounded because we simply don't have the staff is very real'.<sup>20</sup>
- 5.20 Ms Quigley emphasised that the 'RDAC is essentially about maintaining a domestic aviation capability' and, on that basis, 'it was determined that it was about the airlines' direct frontline employees'.<sup>21</sup> It is unclear to the committee why outsourced ground handlers, performing the same work as ground handlers who are employed directly by airlines, were not considered to be 'frontline employees.'
- 5.21 Ms Quigley added that the programs were designed to get 'airlines ready to pivot and ramp up as soon as those border closures and hotspots can be eased', which the Department assumes would 'flow through the ecosystem of the sector'.<sup>22</sup>
- 5.22 The committee pressed the Department of Infrastructure on why these workers were excluded from the RDAC program. Ms Brown acknowledged it was 'true that, where the ground support staff are not directly employed by airlines, they are not receiving the same support as the airlines';<sup>23</sup> but said this 'was a decision of the government', and she was 'not aware exactly of all the facts that they considered'.<sup>24</sup>
- 5.23 In addition to the RDAC, the committee heard that none of the funding from the Domestic Aviation Network Support (DANS) and Regional Airline Network Support (RANS) reached aviation ground handling providers or workers.<sup>25</sup> Many thousands of ground handlers were also excluded from JobKeeper due to the Australian Government's decision to exclude casual workers, or in the case of dnata, the exclusion of companies owned by foreign states.<sup>26</sup>

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<sup>20</sup> Ms Jackson, AAGHIA, *Proof Committee Hansard*, 6 September 2021, p. 3.

<sup>21</sup> Ms Quigley, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 26.

<sup>22</sup> Ms Quigley, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 29.

<sup>23</sup> Ms Brown, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 29.

<sup>24</sup> Ms Brown, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 29.

<sup>25</sup> AAGHIA, *Submission 24*, [p. 4].

<sup>26</sup> For further information, see: RRAT, *Interim report: Future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic*, March 2021, pp. 17–18.

### **Lack of consultation**

- 5.24 The committee heard that, as part of the development of the RDAC, the Department of Infrastructure consulted the major airlines—Qantas, Virgin and Rex. However, unions were not consulted.<sup>27</sup>
- 5.25 Ms Gaske argued that there were 'flaws in the package' that were 'clearly the consequence of [the Department] not having spoken with the frontline workers'. For example, a failure to coordinate policies: in particular, 'a lack of cohesion with the COVID disaster relief payments'. Ms Gaske explained that there is a risk workers will not get paid under either the COVID-19 disaster relief payment or the RDAC scheme:
- Simply because of the timing differences and the way in which an airline might stand you down on a particular day—which doesn't align with the seven days set by Centrelink to be the relevant time in which you have to have lost 20 hours—workers will lose out on money even though they're being stood down for two weeks at a time and losing two full weeks of work.<sup>28</sup>
- 5.26 Ms Gaske also noted that, despite seeking to provide input on multiple occasions, the ASU was only offered a meeting with the Department of Infrastructure after the program guidelines were finalised.<sup>29</sup>
- 5.27 The Department of Infrastructure commented that it would 'continue to review' the programs in place, and 'support government in making any future decisions', based on 'the data'.<sup>30</sup>

### *Aviation Services Accreditation Support (ASAS) program*

- 5.28 On 29 March 2021, the Australian Government commenced a new ASAS program to 'help ground-handling companies meet the costs of mandatory training, certification and accreditation to ensure they maintain their workforces so they can stand them back up when the market expands again'.<sup>31</sup>
- 5.29 The program ran over nine months from 29 March 2021 to 30 December 2021. According to the Department of Infrastructure, its aim was to support training and accreditation for about 5000 employees, or around 30 per cent of the pre-COVID workforce.<sup>32</sup> During the Department's March 2022 appearance,

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<sup>27</sup> Ms Brown, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 26.

<sup>28</sup> Ms Gaske, ASU, *Proof Committee Hansard*, 6 September 2021, p. 13.

<sup>29</sup> Ms Gaske, ASU, *Proof Committee Hansard*, 6 September 2021, p. 15.

<sup>30</sup> Ms Quigley, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 29.

<sup>31</sup> The Hon Scott Morrison, Prime Minister, the Hon Michael McCormack, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, and the Hon Dan Tehan, Minister for Trade, Tourism and Investment, ['Tourism and aviation's flight path to recovery'](#), *Media Release*, 11 March 2021 (accessed 9 April 2021).

<sup>32</sup> DITRDC, ['Aviation'](#), last updated 15 March 2021 (accessed 9 April 2021).

Ms Quigley said the program, which closed on 31 December 20 'was able to support training certification and accreditation for around 70 per cent of the total workforce'.<sup>33</sup>

- 5.30 Ms Quigley explained that the ASAS was a grants program designed to provide \$52 million in 'relief directly to ground handling providers' for the purposes of training and certifying new and existing workers:

It covers the costs of training of staff that require accreditation and skills to be maintained and to be current for them to be able to return as the aviation sector activity increases.<sup>34</sup>

### **Failure to coordinate policies**

- 5.31 Inquiry participants raised concern that, without corresponding support to retain skilled workers, the ASAS program was of little use.<sup>35</sup> National Secretary of the Transport Workers' Union (TWU), Mr Michael Kaine, criticised what he called the Australian Government's 'blinker set of policies'. He explained that because ground handling companies were not able to access the RDAC program—which would have assisted them in retaining workers—they 'are now having to let workers go and let those skills go with them'. Mr Kaine said, 'if you don't have the capacity to keep them on the books then that training is no good for you at all'.<sup>36</sup>
- 5.32 Likewise, Ms Jackson said being able to provide ground handlers 'with \$750 or some portion of payment to keep food on the table', would have enabled businesses to keep workers 'connected', and 'stop them from having to go and look for work in other industries'. This would have meant the industry would not 'have this really long pathway' for training and accreditation of new workers.<sup>37</sup>
- 5.33 The Department of Infrastructure was asked to respond to concerns from the AAGHIA and others about the failure to coordinate the provision of ongoing wage subsidy support with the training and accreditation assistance. Ms Brown said the Department was 'interested in maintaining the capability of ground support workers', and that was why it extended the ASAS. However, the question of 'whether [ground services workers] need additional support similar to that provided in RDAC' was 'a further question' that the Department was still 'considering', before providing any advice to government.<sup>38</sup>

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<sup>33</sup> Ms Quigley, DITRDC, *Proof Committee Hansard*, 3 March 2022, p. 24.

<sup>34</sup> Ms Quigley, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 31.

<sup>35</sup> Ms Gaske, ASU, *Proof Committee Hansard*, 6 September 2021, p. 13.

<sup>36</sup> Mr Michael Kaine, National Secretary, Transport Workers' Union of Australia (TWU), *Proof Committee Hansard*, 3 March 2021, p. 18.

<sup>37</sup> Ms Jackson, AAGHIA, *Proof Committee Hansard*, 6 September 2021, p. 5.

<sup>38</sup> Ms Brown, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 28.

- 5.34 Representatives from the Department of Infrastructure were asked if the AAGHIA had specifically raised this issue with the Department during consultations or communications. Ms Brown said the AAGHIA had not specifically brought up this issue with the Department, but had 'raised concerns about maintaining capability'.<sup>39</sup>
- 5.35 On notice, the Department of Infrastructure confirmed that the AAGHIA had raised this concern more than once, writing to the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development 'on a number of occasions throughout the pandemic'.<sup>40</sup>

### *International Aviation Support (IAS) program*

- 5.36 The International Aviation Support (IAS) is providing funding to Australia's two international airlines—Qantas and Virgin Australia—'to maintain a core international aviation workforce and operation capability'. Eligible costs include staffing (\$500 per week per eligible employee) and aviation training, skills and certification, as well as aircraft storage and maintenance costs.<sup>41</sup>
- 5.37 The initial grant agreements cover the period from 1 April to 31 October 2021 and provide for total funding of up to \$200 million. However, the Australian Government agreed to extend the grant agreements from 1 November 2021 to 31 March 2022 with an additional funding commitment of up to \$119.65 million.<sup>42</sup>
- 5.38 While the payment was open to Qantas and Virgin, Mr Kaine argued that the IAS 'substantively supported only Qantas, because only Qantas is presently undertaking—or will undertake upon reopening—international operations'.<sup>43</sup>

### **Funding conditions**

- 5.39 Of particular concern was the discretion granted to airlines in the use of funding allocated under the IAS. The committee heard that 'the amount of funding that [airlines] provide to their staff is ultimately a matter for the airline schemes that they establish'. Indeed, representatives from the Department of

<sup>39</sup> Ms Brown, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 27.

<sup>40</sup> Answer to question taken on notice by the Department of Infrastructure at a public hearing in Canberra on 6 September 2021 (received 29 October 2021), [p. 1].

<sup>41</sup> DITRDC, *Assistance to the Aviation Sector: International Aviation Support*, March 2021 (<https://www.infrastructure.gov.au/%20aviation/files/ias-factsheet-march-2021-003.pdf> accessed 13 April 2021).

<sup>42</sup> DITRDC, *Assistance to the Aviation Sector: International Aviation Support*, September 2021.

<sup>43</sup> Mr Kaine, TWU, *Proof Committee Hansard*, 6 September p. 17.

Infrastructure confirmed that the program guidelines do not 'mandate ... how much airlines actually pay to their staff'.<sup>44</sup>

5.40 However, Ms Brown pointed out that there are program guidelines which set out eligible uses for IAS funding.<sup>45</sup>

5.41 Mr Richard Wood, First Assistant Secretary, International Aviation, Technology and Services at the Department of Infrastructure, explained that:

The way the international aviation support program is structured is that we provide funding to Australian international passenger airlines for the retention of aviation capability. They determine how that funding is provided—so, the specific support arrangements for their employees. Airlines, of course, report on that so we can equip funding, but the amount of funding that they provide to their staff is ultimately a matter for the airline schemes that they establish. We do not mandate, in the international aviation support package, how much airlines actually pay to their staff.<sup>46</sup>

5.42 While the airlines were able to determine how they used the funding, the program did mandate that airlines 'maintain a minimum capability ... including keeping a minimum number of staff connected'. Mr Wood explained that Qantas was required to keep 'between 6000 and 7500 people', and Virgin was required to keep '1100 people'.<sup>47</sup>

5.43 Ms Brown advised that funding recipients are subject to reporting on a regular basis—sometimes as often as weekly—to ensure that funds are being used only in accordance with the program guidelines.<sup>48</sup> In addition, each airline required to provide monthly assurances it is maintaining the agreed level of international capability.<sup>49</sup>

### **Employee payment amount**

5.44 Concerns were raised that the payment of \$500 per week per eligible employee was not sufficient. For Ms Jayne Lacey, a front-line aviation worker, 'it still was not enough for us to survive on'.<sup>50</sup> She, along with Ms Gaske, called for the IAS payments to be permanently increased to \$750 per week, following a

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<sup>44</sup> Mr Richard Wood, First Assistant Secretary, International Aviation, Technology and Services, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 30.

<sup>45</sup> Ms Brown, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 31.

<sup>46</sup> Mr Wood, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 29.

<sup>47</sup> Mr Wood, DITRDC, *Proof Committee Hansard*, 3 March 2022, pp. 23–24.

<sup>48</sup> Ms Brown, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 30.

<sup>49</sup> DITRDC, *Assistance to the Aviation Sector: International Aviation Support*, March 2021.

<sup>50</sup> Ms Jayne Lacey, Delegate, Victorian Private Sector Branch, ASU (ASU Vic), *Proof Committee Hansard*, 6 September 2021, p. 14.

temporary increase in September 2021, 'so people can survive, because we need our jobs retained'.<sup>51</sup>

- 5.45 Furthermore, the committee heard that the discrepancy created angst amongst aviation workers about who was eligible to get which payment—IAS or RDAC—and why one group was getting more than the other.<sup>52</sup>

### **Exclusion of former pilots**

- 5.46 While the IAS program was largely welcomed by the Australian Federation of Air Pilots (AFAP), Federation President, Captain Louise Pole, pointed out that this assistance only captured international pilots that remained employed. She explained that there were 'hundreds of international pilots' who got made redundant early on in the pandemic, most of whom had 'lost connection with the industry'. Captain Pole was concerned that 'existing programs don't address the need for the many unemployed Australian pilots to regain and retain their skills and qualifications—skills which will be required when aviation service provision ramps back up'.<sup>53</sup>

### *Tourism Aviation Network Support (TANS) program*

- 5.47 In addition to programs that provided direct support to the aviation sector, the Australian Government initiated the Tourism Aviation Network Support (TANS) program. The TANS program opened on 26 March 2021 and provided a 50 per cent reduction on 800 000 economy tickets to and from 13 eligible locations.<sup>54</sup> Under the program, discount tickets had to be booked between 1 April and 30 November 2021, for travel by 30 November 2021.<sup>55</sup> This was later extended to 28 February 2022.<sup>56</sup>

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<sup>51</sup> Ms Gaske, ASU, *Proof Committee Hansard*, 6 September 2021, p. 12; Ms Lacey, ASU Vic, *Proof Committee Hansard*, 6 September 2021, p. 14.

<sup>52</sup> Ms Lacey, ASU Vic, *Proof Committee Hansard*, 6 September 2021, p. 14.

<sup>53</sup> Captain Louise Pole, President, Australian Federation of Air Pilots (AFAP), *Proof Committee Hansard*, 6 September 2021, p. 34.

<sup>54</sup> Eligible regions—selected on the basis of their dependence on aviation for tourists—included Broome, Avalon, Kangaroo Island, Lasseter and Alice Springs, Merimbula, Launceston, Devonport and Burnie, Gold Coast, Sunshine Coast, Tropical North Queensland (Cairns), Whitsundays and Mackay (Proserpine and Hamilton Island), Adelaide, Darwin, Townsville and Hobart. DITRDC, [Assistance to the Aviation Sector: Tourism Aviation Network Support \(TANS\) Program](#), March 2021 (accessed 9 April 2021).

<sup>55</sup> Hon Barnaby Joyce MP, Deputy Prime Minister, ['Keeping domestic aviation ready for take-off'](#), *Media Release*, 2 August 2021 (accessed 9 April 2021).

<sup>56</sup> See: Australian Trade and Investment Commission, [TANS fact sheet](#), November 2021 (accessed 1 March 2022).

5.48 The program was designed to help retain capacity in domestic aviation and tourism by stimulating sector demand—particularly in regional areas:

Australia's airlines, hotels and caravan parks, restaurants and bars, travel agents and tourism operators are set for a rush of hundreds of thousands of tourists as part of a new \$1.2 billion support package from the Morrison Government. ... The Prime Minister said the package's mix of half-price airline tickets, cheap loans for businesses and direct support to keep planes in the air, and airline workers in their jobs, would be a bridge to a more normal way of life for Australians.<sup>57</sup>

5.49 Another key goal of the program was to incentivise travel to key domestic tourism areas. The Prime Minister said:

This is our ticket to recovery—800,000 half-price airfares to get Australians travelling and supporting tourism operators, businesses, travel agents and airlines who continue to do it tough through COVID-19, while our international borders remain closed.<sup>58</sup>

5.50 However, the committee heard in September 2021 that uptake had been affected by domestic travel restrictions. Ms Quigley noted that, despite 'significant uptake in the beginning of the program ... travel has slowed', as a result of 'limited movement and restrictions across states'.<sup>59</sup>

5.51 On notice, the Department revealed that airlines estimated 'around 800 241 TANS tickets had been sold as of 20 June 2021'. However, the total dropped to 'approximately 623 618' tickets by 29 August 2021, due to cancellations.<sup>60</sup>

5.52 It remains unclear to the committee and the general public how the destinations within the TANS programs were selected, other than that many destinations coincidentally were located within marginal federal electorates. It also remains unclear why additional destinations were unexpectedly tacked onto the TANS program just days after the initial announcement. Austrade, the agency responsible for advising the Australian Government on the choice of destinations, has declined to release its data and analysis informing the Government's decision.<sup>61</sup>

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<sup>57</sup> The Hon Scott Morrison, Prime Minister, the Hon Michael McCormack, Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, and the Hon Dan Tehan, Minister for Trade, Tourism and Investment, ['Tourism and aviation's flight path to recovery'](#), *Media Release*, 11 March 2021 (accessed 1 March 2022).

<sup>58</sup> 'Tourism and aviation's flight path to recovery', *Media Release*, 11 March 2021.

<sup>59</sup> Ms Quigley, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 32.

<sup>60</sup> Answers to questions taken on notice by the Department of Infrastructure at a public hearing in Canberra on 6 September 2021 (received 5 October 2021), p. 1.

<sup>61</sup> Answers to questions taken on notice by Austrade at Budget Estimates 2021-22 on 4 June 2021, p. 2.

5.53 During its March 2022 appearance, the Department was unable to provide any estimates as to what the reopening of the international border may mean for tourism-associated aviation, including to regional areas. However, Ms Quigley said that the Department is working closely with Austrade on a tourism promotion program called THRIVE 2030, 'trying to reignite interest in coming back into Australia'.<sup>62</sup>

### **Proposals for future measures**

5.54 As discussed in the committee's interim report, and in Chapter 3, the COVID-19 pandemic has, and continues to, alter the aviation employment landscape.

5.55 Inquiry participants widely agreed that, while short-term initiatives such as the ASAS, IAS and RDAC programs have gone some way to preserving workforce capability, ongoing support for the aviation workforce is essential for a strong and sustainable recovery.<sup>63</sup> Inquiry participants identified further actions that they believed should be prioritised to meet the current and future needs of the sector. These proposals are discussed below.

#### *Strategic workforce planning*

5.56 The committee received strong evidence of the need for an industry-wide approach to aviation workforce planning and development, supported by streamlined policy and regulation.

5.57 Inquiry participants called for greater investment in the aviation workforce, both current and future, through public and private funding mechanisms. The Australian and International Pilots Association (AIPA) noted that, while industry 'needs to step up even more in developing their airline training programs', it will take years to train and develop pilots. For this reason, long-term workforce planning is needed.<sup>64</sup>

5.58 Mr McGinnes said Qantas has 'restarted' its engineering apprentice program, and that around 91 pilots have graduated from the Qantas pilot academy 'thus far of 127 that are coming through'. He said he hopes to 'see more' of these positive developments in future.<sup>65</sup>

5.59 The AIPA noted that Australia's national aviation policy 'appears to lack the most critical element—a strategic approach', and there is a need to better plan for an increase in demand for key aviation personnel.<sup>66</sup>

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<sup>62</sup> Ms Quigley, DITRDC, *Proof Committee Hansard*, 3 March 2022, p. 24.

<sup>63</sup> See, for example: Adelaide Airport Limited and Parafield Airport Limited, *Submission 7*, [p. 6].

<sup>64</sup> Australian and International Pilots Association (AIPA), *Submission 14*, p. 25.

<sup>65</sup> Mr McGinnes, Qantas, *Proof Committee Hansard*, 3 March 2022, p. 15.

<sup>66</sup> AIPA, *Submission 14*, p. 2.



5.60 The Government's 'five-year plan for aviation', the *Aviation Recovery Framework*, was released in December 2021 and is discussed in the final chapter of this report, Chapter 6.

*Make further funding support conditional*

5.61 A number of inquiry participants, such as the AIPA, called on the Australian Government to better target current and future support measures to ensure that aviation workers benefit directly. The committee received strong evidence that, in some cases, employers in receipt of government funding, such as Qantas, have sought 'to maximise cash flow and fee-siphoning rather than maximising efficient training and capacity maintenance'.<sup>67</sup>

5.62 Inquiry participants were critical, for example, of the fact that millions in government assistance had been provided to Qantas, which then, on 30 November 2020, chose to outsource around 2000 jobs. Outsourced worker, Mr Brett Langford, said:

Qantas is all about saving money. First off, they were the largest recipient of JobKeeper. You remember that—the no-strings-attached handout that kept workers connected with their employer. And how did that work out for them again? I'm not quite sure. On top of that, the government, time after time, has handed millions in no-strings-attached money to Qantas to keep it afloat.<sup>68</sup>

5.63 In response, Mr Kaine argued in favour of attaching strict conditions to government support, saying:

... we need strict conditions to apply to government funding to make sure that the funding is used for the intended purpose so that we don't have a situation where a company like Qantas can take hundreds of millions of dollars worth so that we don't have a situation where a company like Qantas can take hundreds of millions of dollars worth of JobKeeper, designed to keep workers connected with their task, and then illegally outsource thousands of them as a kind of community reward. That's outrageous.<sup>69</sup>

5.64 The AIPA argued that, despite evidence of misuse, there seems to be 'a disingenuous presumption in government that the aircraft operators have some higher purpose beyond maximising profit'.<sup>70</sup>

5.65 Despite being asked repeatedly, the Department of Infrastructure did not confirm whether advice had been given to, or sought by, the Australian Government in relation to the choice by Qantas to outsource its ground handling operations. Specifically, the Department did not confirm if there had

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<sup>67</sup> AIPA, *Submission 14*, p. 4.

<sup>68</sup> Mr Brett Langford, Former Delegate, TWU, *Proof Committee Hansard*, 3 March 2022, p. 7.

<sup>69</sup> Mr Kaine, TWU, *Proof Committee Hansard*, 6 September, p. 20.

<sup>70</sup> AIPA, *Submission 14*, p. 3.

been any advice on potential impacts of Qantas' actions on programs designed to provide funds intended to retain aviation capacity. Ms Brown advised that '[i]ndustrial relations matters would be considered, probably, by a different department'.<sup>71</sup>

5.66 In March 2022, the Department of Infrastructure confirmed that Qantas had received just over \$684 million in financial support from the Commonwealth during the pandemic, as at 31 January 2022. This breaks down as:

- \$145.7 million under the DANS program;
- \$103.7 million under the IAS program;
- \$5.6 million for 'facilitated repatriation flights';
- \$34.1 million under the RANS package;
- \$132.9 million under the airline relief package, of which \$112 million is domestic aviation security charges and \$21 million is 'the waiver of fuel excise';
- \$3.8 million under the domestic aviation support costs package (DASC);
- \$171.9 million in international aviation support;
- \$47.1 million for the TANS program; and
- \$39.2 million under the RDAC program.<sup>72</sup>

5.67 This figure does not include the \$856 million in JobKeeper payments claimed by Qantas over the course of 2020 and 2021, making Qantas 'by far the biggest JobKeeper recipient'.<sup>73</sup>

5.68 Qantas maintained that the substantial level of support it received 'reflected' the fact that Qantas is 'probably the company most impacted by COVID in this country'. Mr McGinnes said the support gave Qantas employees 'basic income support' when there was no work for them, and 'made sure that we were ready to get back in the sky when borders finally opened'. He added that 'much of the funding' Qantas received 'was actually fee for service', rather than 'support':

By that I mean the flying we did to maintain basic connections between regional cities and towns, to keep Australia's exports moving, to take aid to our neighbours, and, importantly, to fly Australians home from overseas as part of a repatriation mission.<sup>74</sup>

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<sup>71</sup> Ms Brown, DITRDC, *Proof Committee Hansard*, 6 September 2021, p. 30.

<sup>72</sup> Ms Janet Quigley, First Assistant Secretary, Domestic Aviation and Reform, DITRDC, *Proof Committee Hansard*, 3 March 2022, p. 19.

<sup>73</sup> Euan Black, ['ASIC reveals the big businesses that received the most JobKeeper payments'](#), *SmartCompany*, 8 December 2021 (accessed 6 March 2022).

<sup>74</sup> Mr McGinnes, Qantas, *Proof Committee Hansard*, 3 March 2022, p. 12.

5.69 Mr Kaine argued that handing out this assistance 'no strings attached' was a failure of leadership on the part of government:

The market was destroyed during COVID. What we needed was leadership. We needed a government that would step in. The government put in place the JobKeeper system, which was untied to any requirement. We had a situation where the largest recipient of JobKeeper payments, which was Qantas, received those payments and then, while receiving them, slashed and burned its workforce. We have a CEO who, when times are good, will tell governments to get their hands off the market; to leave us alone and let the profits come as they may. This resulted in a 2018–19 pay packet in total of around \$24 million for that CEO. And when times get tough, as we saw back in 2014, we see the same CEO marching the corridors of Canberra with the cap out asking for financial assistance from governments.

What COVID has shown us, and the reason COVID is so important in exposing these issues in aviation, is you cannot leave aviation to the market. It is an essential service. It needs stabilisers. Governments right around the world have understood this, and many have intervened during COVID and put in place medium- to long-term supports for aviation. Our government is nowhere to be seen.<sup>75</sup>

#### *Airport sector skills package*

5.70 The Australian Airports Association (AAA) highlighted the shortage of skilled airport personnel, such as aerodrome reporting officers, work safety officers, airfield technical inspectors and security screeners.<sup>76</sup>

5.71 AAA argued that efforts to address aviation skills shortages have been primarily focussed on the commercial and general aviation subsectors. However, significant redundancies and standdowns at Australian airports during the pandemic represented a sizable loss of competency, skills and experience in airport operations and, once recovery is underway, there will be a need to bring these disengaged personnel back into the airport sector workforce.<sup>77</sup>

5.72 To this end, AAA sought 5.4 million over four years to develop a targeted airport sector skills package (\$3 million), and gain accreditation as a Registered Training Organisation (\$2.4 million). It argued that this would ensure qualified airport personnel can return to the industry, as well as attracting and retaining new entrants to a range of airport career pathways.<sup>78</sup>

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<sup>75</sup> Mr Kaine, TWU, *Proof Committee Hansard*, 3 March 2022, p. 9.

<sup>76</sup> Australian Airports Association (AAA), *Submission 16*, p. 5.

<sup>77</sup> AAA, *Submission 16*, Attachment 1, p. 20.

<sup>78</sup> AAA, *Submission 16*, Attachment 1, p. 20.

### *Targeted training solutions*

- 5.73 In August 2020, the Department of Infrastructure reported that it expected aviation growth to translate to pressure on training systems to meet the huge demand for skilled personnel.<sup>79</sup> The committee heard strong support for the establishment of targeted training solutions to address this demand, as well as support for increased industry engagement to develop a more coherent training policy.
- 5.74 The Expert Panel made a number of recommendations relating to the need to review, streamline and align regulatory pathways and frameworks. Similarly, the AIPA called for standardised training courses for a number of qualifications, and argued that 'the adoption of regulator provided training courses would be a great boon to standardisation for both the industry and the regulator', and would 'underpin the longer term quality of aviation training'.<sup>80</sup>
- 5.75 During its March 2022 appearance before the committee, the Department said discussions with the sector have suggested 'pilots and engineers [are] the key two areas where they're thinking that there will be future constraints'. Ms Quigley was asked if 'any particular proposal [had] been put forward' to address this shortage. She replied that information about shortages is still largely 'anecdotal' at this stage so the Department is 'watching' the issue 'closely'.<sup>81</sup>
- 5.76 The Department said its *Aviation Recovery Framework* includes a focus on making flight instruction more accessible, by having CASA 'explore mechanisms to ensure that flight instruction and related services are more widely, readily and efficiently available'.<sup>82</sup>
- 5.77 Assistant Secretary, Domestic Policy and Programs, Mr Jason Dymowski added that the Department is now 'looking at the settings that are in place around flight training'. While it believes the larger airlines have flight training academies in place to cover their own needs, the Department recognises:
- ... something that we need to look at is what has been the impact of COVID and what that looks like in terms of supporting the next level of growth or the next expansion back in the aviation market. That's definitely something on our radar.<sup>83</sup>

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<sup>79</sup> DITRDC, *The Future of Australia's Aviation Sector: Flying to Recovery*, Issues Paper 2020, August 2020, p. 29.

<sup>80</sup> AIPA, *Submission 14*, p. 26.

<sup>81</sup> Ms Quigley, DITRDC, *Proof Committee Hansard*, 3 March 2022, p. 21.

<sup>82</sup> Mr Wood, DITRDC, *Proof Committee Hansard*, 3 March 2022, p. 25.

<sup>83</sup> Mr Jason Dymowski, Assistant Secretary, Domestic Policy and Programs, Department of Infrastructure, Transport, Regional Development and Communications, *Proof Committee Hansard*, 3 March 2022, p. 26.

### Job Ready Pilot Program

5.78 AFAP argued that that the pandemic presents an opportunity to reshape the aviation sector, particularly in relation to workforce planning and regulatory reforms, rather than 'to simply re-adopt the pre-existing fragility for the aviation sector'.<sup>84</sup>

5.79 In particular, AFAP identified a need for a stakeholder currency and proficiency program for pilots, which could retain and return eligible pilots to a 'job-ready' status.<sup>85</sup> It argued that a Job Ready Pilot Program would address the economic imbalance in training costs for pilots.<sup>86</sup> AFAP also called for a training levy on airline operators to incentivise employers to contribute to the cost of training pilots.<sup>87</sup>

5.80 AIPA submitted that:

For highly qualified licenced personnel, the gaining of essential knowledge and experience creates a lead time for supply that will substantially lag the demand if we are forced to respond to a whole cadre of those personnel being permanently lost to the industry. Even for those who can return, their skills are highly perishable and refresher training requirements may well exceed the capacity of training systems to return them to job-ready status.<sup>88</sup>

5.81 **Figure 5.1** below provides further detail on the proposed Job Ready Pilot Program.

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<sup>84</sup> AFAP, *Submission 3*, p. 13.

<sup>85</sup> AFAP, *Submission 3*, p. 10.

<sup>86</sup> AFAP, *Submission 3*, p. 10.

<sup>87</sup> AIPA, *Submission 15*, p. 25.

<sup>88</sup> AIPA, *Submission 14*, p. 3.

Figure 5.1 Job Ready Pilot Program

JOB READY PILOT PROGRAM – TIERS & PHASES				
PROGRAM TIER		TRAINING & PROGRAM PHASE	RENEWAL CYCLE / TIME	ANTICIPATED PARTICIPANTS
TIER 1	Mandatory Annual & Biannual Certifications	Aviation Medical Certificate renewed	Annually (Or biannually for pilots aged 60 & over)	80-90%
		Aviation Security Identification Card (ASIC), including photos.	Biennial	60-70%
TIER 2	Flight Training Device (FTD) Minimum Viable Practise and Confidence	Simulator Session 1: Focus on Normal procedures, scans, and flows. Exercise to simulate a whole flight from Pre-flight right through to landing and parking.	4 hours (2 hours each pilot)	75%
		Simulator Session 2: Focus on normal procedures and One-Engine inoperative exercises, Instrument approaches, Go-around exercises etc.	4 hours (2 hours each pilot)	75%
		Simulator Session 3: Practice exercises from previous sessions as needed to build confidence and consolidate.	4 hours (2 hours each pilot)	75%
	Documentation	Supply of current Aircraft Type Manuals	N/A	75%
TIER 3	Either utilising a: 1. Light piston twin engine aircraft; or 2. Full Flight Simulator (FFS)  Practise for Instrument Proficiency Check (IPC) and IPC Check.	TIER 3A: Tier 2 - i.e. first phase of Tier 3 includes the 3 practices sessions from tier 2.	4 hours (2 hours each pilot)	40-50%
		TIER 3B: At least one practise simulator session or flight, to prepare for check flight of IPC.	4 hours (2 hours each pilot)	40-50%
		TIER 3C: A flight or simulator session, to conduct actual proficiency check flight of IPC	4 hours (2 hours each pilot)	40-50%
SUPPLEMENTARY	Loss of Licence Insurance subsidy	Loss of licences/medical certificate support. Provide bridging financial protection to pilots in the event that they lose their medical (due to an accident or health issues) for the period prior to returning to an employed flying role.	Annual	50-90%

Source: Australian Federation of Air Pilots, Submission 3.1, p. 7.

5.82 In a supplementary submission made to update the committee in February 2022, AFAP said the changed circumstances of the recovering aviation sector 'support the need for a funded Job Ready Pilot (JRP) program'

and that 'Australia needs to act expeditiously to retain Australian pilots for Australian flying roles'.<sup>89</sup>

- 5.83 AFAP also provided evidence that airlines in the United States are now 'targeting Australian pilots' proactively, seeking to employ around 1000 Australian pilots. AFAP suggested that:

... an Australian pilot qualified and employed to fly in a USA airline would remain lost to the Australian system for some time (likely years). ... Thus, we suggest that a proactive and funded recurrency of the cohort of Australian pilots not currently employed by an Australian operator will greatly help to ensure they return and remain as a ready employment resource in Australia, for the betterment of the Australian community and economy.<sup>90</sup>

### **Territory Aviation Skills Centre**

- 5.84 Mr Rohan Badenhop from the NT Chamber of Commerce, observed that, while there has been a 43 per cent decrease in 'interstate movements', and a 21 per cent decrease in 'NT regional movements', there has 'actually been a three per cent increase' in general aviation from 2019 to 2021 in the NT:

As the larger aircraft have slowed down—we've had—the general aviation has stepped up and had a three per cent increase. This, of course, is just reflecting the importance of aviation to the regions. You can't have emergency evacuations, you can't have people being able to be represent certain communities, you can't have people being able to fly in essential goods and services to places, particularly over the wet season that are cut off, if you don't have aviation.<sup>91</sup>

- 5.85 Mr Badenhop said the Chamber of Commerce is 'afraid' that the major airlines will end up 'siphoning out engineers', and regional airlines and those in general aviation 'won't be able to operate purely on the basis of lack of workers':

That basically is the priority of the Territory Aviation Skills Centre, which has a two-part reasoning for existence. One is for ensuring that we have the workforce skills coming through into the aviation sector that needs it. The other side of it is it's ensuring that students have a year 12 through to a career pathway.<sup>92</sup>

- 5.86 Ms Debbie Paylor, from the Industry Skills Advisory Council Northern Territory, argued that the pandemic is set to 'compound' the industry's pre-existing workforce shortages 'exponentially'. To address this 'significant'

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<sup>89</sup> AFAP, *Submission 3.2*, [p. 1].

<sup>90</sup> AFAP, *Submission 3.2*, [p. 2].

<sup>91</sup> Mr Rohan Badenhop, Project Officer, Chamber of Commerce Northern Territory, *Proof Committee Hansard*, 8 September 2021, p. 23.

<sup>92</sup> Mr Badenhop, NT Chamber of Commerce, *Proof Committee Hansard*, 8 September 2021, p. 23.

demand on the workforce,<sup>93</sup> the Northern Territory has piloted 'an aviation academy', establishing the Territory Aviation Skills Centre.

- 5.87 Ms Paylor said the pandemic has 'accelerated the focus and need for training to be more localised in rural and regional areas'. The Aviation Skills Centre in the Territory has received willing support from industry, showing that 'this model of independent brokering and industry led collaboration is achieving real outcomes'.<sup>94</sup>
- 5.88 The Aviation Skills Centre is 'a trunk station', created to service a need and demand for training from the Alice Springs aircraft storage facility, and engaging 'multiple sectors'.<sup>95</sup>
- 5.89 The Centre delivers a Certificate II in aviation and line maintenance, through registered training organisations. This training was previously only available in Cairns, 'so Territory businesses would send their students interstate for blocks of training and for assessment, which is quite costly and prohibitive to industry'.<sup>96</sup>
- 5.90 Ms Paylor urged the Government to provide ongoing 'support and commitment', through 'apprenticeships and traineeships', and 'infrastructure development', in order to ensure the Aviation Skills Centre can play a role in developing 'a much-needed workforce ... in rural and regional northern Australia'.<sup>97</sup>

## Committee view

### *Program design and consultation*

- 5.91 Government supports provided to the aviation sector during the COVID-19 crisis have been significant. Without these supports, most, if not all airlines operating in Australia, would have struggled to survive.
- 5.92 In its interim report, the committee recommended the continuation of JobKeeper—or a wage subsidy 'modelled off JobKeeper'—to support aviation workers, whose jobs are essential to our economy and society. The Government did not continue to provide JobKeeper; not even for aviation and

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<sup>93</sup> Ms Debbie Paylor, General Manger, Industry Skills Advisory Council Northern Territory, *Proof Committee Hansard*, 8 September 2021, p. 18.

<sup>94</sup> Ms Paylor, Industry Skills Advisory Council Northern Territory, *Proof Committee Hansard*, 8 September 2021, p. 16.

<sup>95</sup> Ms Paylor, Industry Skills Advisory Council Northern Territory, *Proof Committee Hansard*, 8 September 2021, p. 16.

<sup>96</sup> Ms Paylor, Industry Skills Advisory Council Northern Territory, *Proof Committee Hansard*, 8 September 2021, p. 17.

<sup>97</sup> Ms Paylor, Industry Skills Advisory Council Northern Territory, *Proof Committee Hansard*, 8 September 2021, p. 16.



tourism workers, whose jobs continued to be directly impacted by government policies, including border closures and lockdowns.

- 5.93 The measures put in place instead—while welcomed by the major carriers—left some parts of the aviation sector, and many individual aviation workers, without support. Thousands simply left the industry, broken and traumatised by their experiences.
- 5.94 The committee has heard a wide variety of evidence from stakeholders in the sector who felt excluded from support. The intentional exclusion of many ground handling workers from the RDAC program is particularly disappointing, given many of these workers had only recently been Qantas employees and eligible for support.
- 5.95 Once again, this issue was raised at length by submitters and witnesses during the earlier part of this inquiry, and the committee made a recommendation in its interim report that any wage subsidies or other support programs for the aviation industry be provided to *all* Australian workers who pay tax, regardless of whether the company is a foreign sovereign-owned entity.
- 5.96 The committee is disappointed that this recommendation was not implemented; the result being that many hard-working Australian ground handlers missed out on assistance, and many had to leave the sector.
- 5.97 The committee also notes concerns raised by inquiry participants from across the aviation industry about the lack of consultation on these initiatives. It is not enough to consult with airlines alone—the aviation sector needs all of its parts to function. Consultation must be wider and deeper, and not treated as an afterthought.

### **Recommendation 3**

- 5.98 **The committee recommends that the Australian Government consults and communicates closely with industry, professional associations and trade unions in the design and delivery of future aviation support measures.**
- 5.99 The committee notes that the Australian National Audit Office is presently conducting a performance audit of COVID-19 support to the aviation sector. The audit, which is due to be finalised in June 2022, will assess whether the suite of measures was designed and implemented effectively by the Department of Infrastructure, Transport, Regional Development and Communications in response to the COVID-19 pandemic.<sup>98</sup>
- 5.100 The committee urges the Australian Government and the Department of Infrastructure, Transport, Regional Development and Communications to

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<sup>98</sup> Australian National Audit Office, [COVID-19 Support to the Aviation Sector](#) (accessed 17 January 2022).

closely monitor this audit and its outcomes, and use its findings to improve the design of future aviation support measures, and design, consultation and implementation processes.

### *Conditional assistance*

- 5.101 The committee notes the evidence that program design has led to ineffective and sometimes unfair outcomes. Of particular concern is that Qantas has received almost \$2 billion in government assistance over the course of the pandemic—much of it specifically targeted towards retaining workers and capacity—with very limited conditions applied to require the company to pass along the benefit to its employees or protect their jobs.
- 5.102 At the same time as being 'by far' the biggest recipient of JobKeeper,<sup>99</sup> the company illegally outsourced thousands of jobs. The cost to Australian taxpayers of supporting Qantas has not generated a return by way of equities or future repayments of the support.
- 5.103 The committee supports calls for government assistance provided to the aviation sector in Australia to be conditional; funding should help support workers to stay connected to the industry and should retain skills and capacity within the sector.

### **Recommendation 4**

- 5.104 The committee recommends that any future crisis support provided by the Australian Government to the aviation sector be conditional upon recipient entities retaining skills and capacity in the sector. Initiatives designed to retain capacity should specify that workers must be retained, that their pay and conditions should not be reduced, and should set out the amount that workers should be paid under the assistance.**
- 5.105 The committee also recognises that a functioning and effective aviation industry is essential for Australia's national security, supply chain continuity and keeping regional Australia connected with major population centres.
- 5.106 The importance of Qantas as Australia's national carrier is enshrined by the requirement in the Qantas Sale Act that the company must remain majority Australian-owned. When Qantas outsources its entire ground handling operations to foreign-owned companies, it is circumventing the intention of the Qantas Sale Act and is acting contrary to the national interest.
- 5.107 The Australian Government should consider taking an equity stake in major recipients of future crisis funding to ensure the intention of the Qantas Sale Act is protected, that the crisis funding is responsibly spent, and that critical

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<sup>99</sup> Euan Black, 'ASIC reveals the big businesses that received the most JobKeeper payments', *SmartCompany*, 8 December 2021.

decisions about Australian aviation are not outsourced to the other side of the world.

### Recommendation 5

**5.108 To committee recommends that to assist with enforcing these conditions and expectations associated with future crisis support payments, and in recognition of aviation's critical contribution to national security, supply chains and sovereignty, that the Australian Government considers acquiring an equity stake in support recipients as part of the support agreement.**

#### *Future workforce supply*

5.109 Australia is experiencing a severe shortage of aviation workers and the situation is growing worse. The current shortage of qualified pilots and aircraft maintenance engineers is a global problem and a major issue for Australia's aviation system. Of particular concern is the finding of the Future of Aviation Reference Panel that Australia has little to no workforce pipeline and no new early career entrants.<sup>100</sup> Urgent action is required.

5.110 Australia faced an aviation skills shortage even before COVID-19 hit. However, the COVID-19 situation has further decimated Australia's aviation workforce. Due to the downturn in aviation activity airlines have made drastic cuts to workforces, skills and accreditation have lapsed, and many workers have left the aviation sector in search of more secure employment. In addition, some airlines have relied heavily on early retirements to reduce costs, which has further decreased supply.

5.111 The committee believes one approach to providing the training capacity to rebuild national aviation skills and career paths, would be to establish a Job Ready Pilots Program, as suggested the AFAP.

5.112 The committee notes that the 2018 *Expert Panel Report on Aviation Skills and Training* identified a range of opportunities to improve the effectiveness of the aviation training framework. Some recommendations have been addressed by Government, such as through the Women in Aviation Initiative designed to attract more female participation and representation in the sector, and an increase to the limit on student loans. Further work can still be done in these areas within the sector, including on options to develop career pathways that offer greater employment opportunities.

5.113 The following recommendations are designed to support the retention of existing skilled aviation workers through the current period of upturn, while ensuring a pipeline of new talent into industry.

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<sup>100</sup> Future of Aviation Reference Panel, [Report](#), March 2021, p. 15 (accessed 24 February 2022).

**Recommendation 6**

5.114 The committee recommends that the Australian Government provides ongoing and targeted assistance to support the retention, training, certification and recertification of aviation workers throughout the recovery period.

**Recommendation 7**

5.115 The committee recommends that the Australian Government, in consultation with unions, professional associations, airlines, labour hire companies and training providers:

- identifies the long-term training needs for the aviation sector;
- examines where future pressures lie;
- develops a program of skills development targeted at the aviation sector; and
- develops initiatives to ensure the industry remains internationally competitive in retaining key staff and attracting new entrants to the workforce.

**Recommendation 8**

5.116 The committee recommends that the Australian Government urgently considers the skills needed across the sector, and the best means of retaining those skilled workers, including developing a scheme that provides financial support directly to pilots, engineers and other highly skilled, in-demand aviation professionals to assist in maintaining their accreditation and training requirements.

# Chapter 6

## The future of Australian aviation

- 6.1 According to the Australian Federation of Air Pilots (AFAP), the pandemic has provided a lesson on how fragile the aviation sector is, while at the same time showing how instrumental it is as a key facet of national infrastructure. AFAP argued that 'this crisis should therefore also be a catalyst to reshape the aviation industry on a more financial and socially sustainable footing, thereby softening the boom-and-bust cycle that has marked the industry for decades'.<sup>1</sup>
- 6.2 In this final chapter, the committee analyses evidence on options for managing the opportunities and challenges facing the broader aviation sector. The chapter:
- looks at arguments in favour of an enhanced role for the Australian Government in aviation;
  - discusses the Government's *Aviation Recovery Framework*—a five-year plan for the future of Australian aviation, and regulatory issues raised by submitters;
  - considers calls for increased support for airports; and
  - weighs up differing views on airline competition.

### The role of the Australian Government in aviation

- 6.3 Australian governments have traditionally played a significant role as an owner, funder and provider of services to the public, including in relation to aviation. However, from the early 1990s the Australian Government pursued a privatisation agenda: transferring of all of Australia's major airports from the Commonwealth to private companies under long-term leases; changing the regulation of cost recovery at airports, and restructuring charges for aviation services. This included the sale of Qantas and airports owned by the Federal Airports Corporation, as well as divesting regional airports under the Aerodrome Local Ownership Plan.<sup>2</sup>
- 6.4 It has been argued that these reforms increased flexibility, competition and capacity in the sector.<sup>3</sup> However, evidence received during this inquiry

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<sup>1</sup> Australian Federation of Air Pilots (AFAP), *Submission 3*, p. 5.

<sup>2</sup> Richard Webb, Economics, Commerce and Industrial Relations Group, *'The Commonwealth Government's Role in Infrastructure Provision'*, *Research Paper no. 8 2003-04*, 1 March 2004 (accessed 24 March 2021).

<sup>3</sup> Department of Infrastructure, Transport, Regional Development and Communications (DITRDC), *The Future of Australia's Aviation Sector. Flying to Recovery*, Issues Paper 2020, August 2020, p. 4 (accessed 2 March 2022).

suggests that these reforms have led to significant vulnerabilities in the sector—dramatically exposed by the pandemic.

- 6.5 The Australian Government continues to be a significant source of infrastructure funding through payments to state and territory governments. According to the Department of Infrastructure, Transport, Regional Development and Communications (the Department of Infrastructure), the Australian Government's primary role in relation to aviation concerns safety and security.<sup>4</sup>
- 6.6 The Australian Government regulates the security of the Australian aviation environment through the *Aviation Transport Security Act 2004* and the *Aviation Transport Security Regulations 2005*, to help safeguard Australia's aviation transport system from terrorism and acts of unlawful interference. In addition, airways services—comprised of airspace management, en-route and airport terminal-related air traffic control, aviation environment services, rescue and firefighting services—remain a Commonwealth responsibility.<sup>5</sup> However, it is the responsibility of aviation industry participants, such as airport and aircraft operations to manage their day-to-day aviation security operations.<sup>6</sup>
- 6.7 The committee notes that responsibility for aspects of Australian aviation services and airports are shared across a number of government bodies:
- The Civil Aviation Safety Authority (CASA) is the national authority responsible for civil aviation. This includes licensing pilots, registering aircraft, overseeing aviation safety and promoting safety awareness.<sup>7</sup>
  - The Australian Competition and Consumer Commission (ACCC) monitors prices, costs and profits of domestic airlines and major airports to promote transparency about services and performance.<sup>8</sup>
  - Airservices Australia (Airservices) is Australia's principal civil air navigation service provider. The functions of Airservices are outlined in the *Air Services Act 1995* and include the provision of air navigation services, aeronautical information and aviation rescue and firefighting services.<sup>9</sup>

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<sup>4</sup> DITRDC, [Towards 2030: The Sky's the limit: Regional aviation policy, Issues Paper](#) (*Regional aviation policy issues paper*), March 2020, p. 3 (accessed 4 March 2022).

<sup>5</sup> DITRDC, *The Future of Australia's Aviation Sector. Flying to Recovery*, Issues Paper 2020, August 2020, p. 4.

<sup>6</sup> DITRDC, *Regional aviation policy issues paper*, March 2020, p. 3.

<sup>7</sup> Civil Aviation Safety Authority (CASA), [About CASA](#), last updated 4 December 2021 (accessed 17 January 2022).

<sup>8</sup> Australian Competition and Consumer Commission (ACCC), [ACCC role in airports & aviation](#), (accessed 17 January 2022).

<sup>9</sup> DITRDC, [Chapter 2: Overview—Roles and Responsibilities](#), *Australia's Air Traffic Management Plan 2017*, July 2017 (accessed 17 January 2022).

- 6.8 Together with state, territory and local governments, the Australian Government also has a role in ensuring minimum access to essential aviation services and connectivity in regional Australia.<sup>10</sup>
- 6.9 Over the course of the inquiry a number of participants raised concerns about the impacts that privatisation has had on the sector. Participants largely agreed that the pandemic has exposed the weakness of the aviation sector, and its vulnerability to external shocks.
- 6.10 During the pandemic, the Australian Government provided over \$5.3 billion to the sector, across 'multiple agencies' and programs.<sup>11</sup> Without this support, these companies would likely not have survived. The sector's total reliance on government support during the pandemic has been clear, leading many participants to argue for greater government intervention to ensure the long-term sustainability of aviation as a national asset.
- 6.11 Transport Workers Union (TWU), in particular, maintained that aviation is too important to leave to the market and 'requires government intervention ... on two basic levels':
- Firstly, protection for working conditions, to ensure the industry can thrive, and is attractive and sustainable—achieved by putting 'stabilisers put in place', 'laws ... that allow workers to be supported' and prevent companies from attacking workers' conditions.
  - Secondly, because of the critical role aviation plays in Australia, the Australian Government should have 'a direct financial interest in aviation companies', because government will be called upon to 'level out these peaks and troughs that inevitably come'.<sup>12</sup>
- 6.12 The following section considers evidence provided over the course of the inquiry on number of issues relating to the Australian Government's role in aviation policy and coordination. It specifically looks at:
- proposals for better coordination of Australia's internal borders;
  - responses to the Australian Government's *Aviation Recovery Framework*, released in December 2021;
  - industry calls for slot allocation reform;
  - issues with the funding model of regulatory agencies that have been exposed by the pandemic; and
  - inquiry participants' calls for better consultation.

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<sup>10</sup> DITRDC, *The Future of Australia's Aviation Sector: Flying to Recovery*, Issues Paper 2020, August 2020, p. 13.

<sup>11</sup> Ms Janet Quigley, First Assistant Secretary, Domestic Aviation and Reform, DITRDC, *Proof Committee Hansard*, 3 March 2022, p. 19.

<sup>12</sup> Mr Michael Kaine, National Secretary, TWU, *Proof Committee Hansard*, 3 March 2022, p. 9.

*National coordination of border closures*

- 6.13 Complexity and poor coordination of aviation policy was a clear theme throughout the inquiry. Participants also noted the devastating impacts of sudden state border closures on the aviation industry, and suggested there may be a possible role for the Australian Government in coordinating domestic borders. Better coordination in future crises could reduce inconsistency and improve customer confidence.
- 6.14 The Australian Airports Association (AAA) submitted that a 'better coordinated, unified and consistent approach to controlling domestic borders during a future crisis is an important lesson learned from the pandemic'.<sup>13</sup> Similarly, Mr Richard Fleming, General Manager of the Airline Competition Taskforce at ACCC, argued for better coordination of border closures.<sup>14</sup>
- 6.15 Ms Jayne Hrdlicka, Chief Executive Officer and Managing Director of Virgin Australia (Virgin), argued that a key priority should be 'a coordinated national framework where the state and territory decisions on borders and the associated regulations are aligned and are more manageable'.<sup>15</sup>
- 6.16 Mr Adam Rowe, Executive General Manager, Business Development and Marketing at Queensland Airports, echoed these concerns:
- The single factor most impacting our business and the aviation sector as a whole is the lack of clear and consistent state and territory controls for travel. Establishing and adhering to a national framework is an absolute priority. Until there are practical, transparent and nationally consistent rules in place for the management of COVID-19 cases confidence in travel will continue to be impacted.<sup>16</sup>
- 6.17 Adelaide Airport Limited and Parafield Airport Limited argued that the Australian Government should take control of domestic borders via an emergency proclamation. It argued that these emergency measures would be 'in the best interests of the national economy and the aviation and tourism sectors'.<sup>17</sup>

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<sup>13</sup> Australian Airports Association (AAA), *Submission 16*, Attachment 1 (AAA submission to: The Future of Aviation Issues Paper), p. 8.

<sup>14</sup> Mr Richard Fleming, General Manager, Airline Competition Taskforce, ACCC, *Proof Committee Hansard*, 4 March 2021, p. 27.

<sup>15</sup> Ms Jayne Hrdlicka, Chief Executive Officer (CEO) and Managing Director, Virgin Australia (Virgin), *Proof Committee Hansard*, 29 January 2021, p. 3.

<sup>16</sup> See, for example: Mr Adam Rowe, Executive General Manager, Business Development and Marketing, Queensland Airports Limited, *Proof Committee Hansard*, 29 January 2021, p. 45.

<sup>17</sup> Adelaide Airport Limited and Parafield Airport Limited, *Submission 7*, [p. 4].



- 6.18 Canberra Airport argued that National Cabinet should be responsible for coordinating state and territory borders 'to facilitate free trade, the free passage of people and freight within Australia'.<sup>18</sup>
- 6.19 Captain Murray Butt, President of the Australian and International Pilots Association (AIPA), claimed that 'COVID-19 has exposed all the vulnerabilities of our historical approach to nurturing Australia's aviation capabilities'.<sup>19</sup> He went on to say, Australia's 'domestic connectivity is fragile and hostage to inconsistent and uncoordinated state government actions'.<sup>20</sup>

### *The Aviation Recovery Framework*

- 6.20 As discussed in Chapter 5, a major concern for participants in the inquiry what they saw as a lack of *vision* and long-term planning for the aviation sector's recovery from the impacts of the pandemic.
- 6.21 In its initial submission to the inquiry (dated January 2021), the Department of Infrastructure stated that the Australian Government was intending to 'release a Five Year Plan for Aviation *in the first half of 2021*'.<sup>21</sup> However, the plan was not published until December 2021.<sup>22</sup>
- 6.22 The Framework lays out the Government's 'long term vision for Australian aviation', which 'focuses on a strong and competitive sector; safe, secure and sustainable aviation; and ensuring connectivity in Australia's regions through access to essential aviation services'.<sup>23</sup>
- 6.23 Included in the Framework are 'six strategic priorities to boost the sector's recovery and achieve [the Government's] vision', which are:
- Supporting aviation efficiency;
  - Building a sustainable pipeline of workforce skills;
  - Optimising airport infrastructure;
  - Connecting regional communities;
  - Revitalising General Aviation; and
  - Embracing new technologies, including drones.<sup>24</sup>

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<sup>18</sup> Canberra Airport, *Submission 10*, p. 3.

<sup>19</sup> Captain Murray Butt, President, Australian and International Pilots Association (AIPA), *Proof Committee Hansard*, 3 March 2021, p. 57.

<sup>20</sup> Captain Butt, AIPA, *Proof Committee Hansard*, 3 March 2021, p. 57.

<sup>21</sup> DITRDC, *Submission 20*, p. 24. Emphasis added.

<sup>22</sup> Australian Government, [Aviation Recovery Framework](#), December 2021, p. 8 (accessed 28 February 2022).

<sup>23</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 8.

<sup>24</sup> Australian Government, *Aviation Recovery Framework*, December 2021, pp. 8–9.

- 6.24 The Framework recognises that there is a need to 'review, streamline and align regulatory pathways and frameworks' in order to support a growing aviation workforce. The Government expects that this will involve a review of, and possible changes to, 'licencing pathways' and the way certain regulations are connected to certain qualifications. The Framework states that Government will 'work with industry to determine how best to address these issues and promote the sector to build a reliable supply of fit-for-purpose workforce skills'.<sup>25</sup>
- 6.25 One component of the Framework is an independent review—to be led by former Secretary of the Department of Employment, Skills, Small and Family Business, Ms Kerri Hartland—into aviation and maritime transport security, 'with a view to reducing unnecessary costs and red tape for industry':
- The priority for the review will be to identify ready-to-implement regulatory reform priorities that will help to facilitate the industry-led economic recovery from the COVID-19 pandemic.<sup>26</sup>
- 6.26 Another key component is a suite of measures relating to general aviation (GA), including a 'Roadmap to Revitalising GA in Australia', and a \$30 million investment in Automatic Dependent Surveillance Broadcast (ADS-B) transponder technology, paid through rebates to aircraft operators.<sup>27</sup>
- 6.27 Issues relating to the future of general aviation have been explored in detail by the Senate Rural and Regional Affairs and Transport Legislation Committee in its inquiry into Australia's general aviation industry.<sup>28</sup>
- 6.28 A number of other key components of the Framework relate to issues specifically raised by inquiry participants, and are discussed in those sections, further on this chapter. The Framework's response to workforce capacity issues is discussed below.

### **Workforce skills and capacity**

- 6.29 The Government's *Aviation Recovery Framework* acknowledges that there are significant 'workforce pressures' returning as the aviation sector begins to emerge from its pandemic-induced downturn. The Government concedes that:
- long-term workforce capacity 'may suffer as a direct result of the COVID-19 pandemic';
  - skilled workers 'may be leaving the sector';

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<sup>25</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 22.

<sup>26</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 12.

<sup>27</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 14.

<sup>28</sup> See: Senate Rural and Regional Affairs and Transport Legislation Committee, [Inquiry into Australia's general aviation industry](#), initiated 2 December 2019 (accessed 4 March 2022).

- students studying aviation have been impacted by international border closures, reduced student numbers and the 'extended closures of flight training schools'; and
  - ongoing 'uncertainty and volatility appears to be deterring new entrants to the industry'.<sup>29</sup>
- 6.30 Short-term initiatives (such as the Aviation Services Accreditation Support, International Aviation Support, and Retaining Domestic Airline Capability program) may have helped 'preserve critical capability over the short term', but the Government acknowledges that 'further action is required to address longer term challenges'. Also that these workforce challenges are not new, having been clearly articulated in the Report from the Expert Panel on Aviation Skills and Training in July 2018.<sup>30</sup>
- 6.31 The Framework notes recommendations from the 2018 Expert Panel, which were designed to create 'a sustainable and successful aviation training sector', but says that 'work to address the challenges identified in the Report was derailed by the global pandemic'. To address these challenges, the Framework proposes prioritising regulatory reforms:
- ... relating to the need to review, streamline and align regulatory pathways and frameworks. These frameworks relate to, among other things, licencing pathways and the relationship between CASA regulations and the Vocational Education and Training framework under Australian Skills Quality Authority (ASQA), and flight examiner upgrade pathways and examiner/instructor qualifications.<sup>31</sup>
- 6.32 It also includes information about the Government's general investments in the broader Vocational Education and Training (VET) sector, including: the JobTrainer Fund, Boosting Apprenticeships Commencements (BAC) wage subsidy; establishment of the National Skills Commission and National Careers Institute; and 'immediate reforms under the Heads of Agreement for Skills Reform' that will 'strengthen the role of industry and employers' in 'industry Clusters'—including the 'Wholesale, Retail, Transport and Logistics cluster', which will include aviation.<sup>32</sup>
- 6.33 However, while the Framework was accompanied by over '\$78 million in new funding', and provides a high level of detail on initiatives under a number of other strategic priority areas, it only includes one substantive workforce initiative: a \$4 million extension to the existing Women in Aviation program.<sup>33</sup>

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<sup>29</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 22.

<sup>30</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 22.

<sup>31</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 22.

<sup>32</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 24.

<sup>33</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 23.

The strategic priority item entitled, 'building a sustainable pipeline of workforce skills', contains little other detail, promising only to deliver:

Ongoing activities at domestic and international conferences, workshops and careers events, publishing complementary online resources, and working with industry to market Australia as an ideal place to study aviation.<sup>34</sup>

- 6.34 Asked why the Framework is so 'light' on detail in relation to workforce issues, First Assistant Secretary of Domestic Aviation and Reform, Ms Janet Quigley, said the Department is looking at vocational and university training, and 'how that's aligned', at 'regulatory factors', and 'making sure they're not overly burdensome'. However, Ms Quigley said issues like industrial action 'would normally fit' within the Attorney-General's portfolio and Fair Work Australia:

As the department of infrastructure, we're very focused on that pipeline and ensuring that there are career pathways and appropriate academic support for them to reach their skill sets.<sup>35</sup>

- 6.35 Ms Quigley was asked if the Department of Infrastructure would take a greater interest in workforce issues if the 'pipeline' of workers into the sector was not functioning to provide sufficient supply. Ms Quigley replied that the Department has 'certainly heard from the sector that the workforce is not impeding recovery'. However, the Department acknowledged that workforce issues 'were there pre-COVID', so they are likely to 'present themselves within the sector as it returns to full operation'.<sup>36</sup>

### Monitoring and evaluation

- 6.36 The *Aviation Recovery Framework* includes the creation of 'a time-limited industry Forum', which is designed to 'advise Government on the sector's recovery via annual 'health checks''. The Framework states that this Forum will function as a means of bringing the 'concerns and views of the sector to the Government through the recovery period', and will 'inform targeted research on priority topics'.<sup>37</sup>
- 6.37 The Department emphasised that the recovery is 'a fluid situation ... at the moment', and it is 'reliant upon ... engagement with the sector', through its annual health checks to gauge the success 'of the implementation of the activities under the framework'.<sup>38</sup>

<sup>34</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 31.

<sup>35</sup> Ms Janet Quigley, First Assistant Secretary, Domestic Aviation and Reform, DITRDC, *Proof Committee Hansard*, 3 March 2022, p. 22.

<sup>36</sup> Ms Quigley, DITRDC, *Proof Committee Hansard*, 3 March 2022, p. 22.

<sup>37</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 14.

<sup>38</sup> Ms Quigley, DITRDC, *Proof Committee Hansard*, 3 March 2022, p. 24.

### *Slot allocation reform*

- 6.38 Witnesses, such as the Hon John Sharp, Deputy Chairman, Rex Airlines (Rex), continued to call for slot allocation reform.<sup>39</sup>
- 6.39 The committee notes that, in October 2020, the Australian Government commissioned an independent review of the demand management scheme at Sydney Airport (the Harris Review), following the Productivity Commission's 2019 inquiry into the economic regulation of airports.<sup>40</sup>
- 6.40 The Harris Review found that the Australian Government should continue to regulate demand management at Sydney Airport. It made 17 recommendations aimed at improving efficiency and meeting the full suite of demand management objectives applied to Sydney Airport, including the Australian Government's ongoing commitment to managing noise impacts on the residents of Sydney and retaining access for NSW regional communities.<sup>41</sup>
- 6.41 The Government's *Aviation Recovery Framework* states that the Government is 'consulting with stakeholders through technical working groups before providing its response to the Harris Review'. Along with responding to the specific recommendations of the Harris Review, the consultation includes discussion of 'potential reforms to Sydney Airport Demand Management more broadly'.<sup>42</sup>

### *Funding models of regulatory agencies*

- 6.42 The committee heard that funding for aviation agencies—including Australia's air safety regulator, CASA, and air traffic management provider, Airservices Australia—has been disrupted by the pandemic. Many government services (such as air traffic control, aviation rescue firefighting services and safety oversight) are funded through fees collected from industry which are related to flight movements and fuel usage.<sup>43</sup>
- 6.43 According to the Future of Aviation Reference Panel, the pandemic has exposed the vulnerability of the current activity-based funding model for

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<sup>39</sup> The Hon John Sharp, Deputy Chairman, Rex Airlines, *Proof Committee Hansard*, 3 March 2021, p. 24.

<sup>40</sup> Productivity Commission, [Economic Regulation of Airports: Inquiry Report No. 92](#), June 2019 (accessed 4 March 2022).

<sup>41</sup> Peter Harris AO, [Review of the Sydney Airport Demand Management Scheme](#), February 2021 (accessed 4 March 2022).

<sup>42</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 17.

<sup>43</sup> DITRDC, *The Future of Australia's Aviation Sector: Flying to Recovery*, Issues Paper 2020, August 2020, p. 30.

CASA and Airservices Australia.<sup>44</sup> This finding was supported by submitters and witnesses during this inquiry.

6.44 Airservices Australia quantified the financial impact of the pandemic, saying its revenue 'fell by 24 per cent' in 2019–2020 after an initial drop of 80 per cent (year-on-year revenue) in the April to June 2020 quarter. Airservices explained that 'urgent government financial support was required to fund the delivery of ongoing critical aviation services'.<sup>45</sup>

6.45 Professionals Australia explained that the majority of Airservices Australia's revenue traditionally comes from per-sector charges paid by airlines in relation to international flights.<sup>46</sup> Mr Dale Beasley, from Professionals Australia, explained:

When these flights stopped, the funding model more or less collapsed, even though the domestic aviation industry—general aviation, aviation firefighting, agriculture and all of our domestic aviation industry—needed to go on. The flow-on impact of the government's direction to CASA and Airservices is driving redundancies and significant restructuring in these agencies, and that can only deliver further challenges to the broader industry as it seeks to recover from COVID.<sup>47</sup>

6.46 In response to the economic impact of the pandemic on the domestic airline industry, the Australian Government introduced a number of measures to waive government charges—including aviation fuel excise, Airservices Australia charges on domestic airline operations, and domestic and regional aviation security changes—under the Australian Airline Financial Relief Package.<sup>48</sup> At the same time, the Australian Government provided additional funding to ensure that Airservices and CASA could continue to perform their critical safety functions and provision of essential aviation services during the pandemic.<sup>49</sup>

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<sup>44</sup> Future of Aviation Reference Panel, [Report](#), March 2021, p. 1 (accessed 4 March 2022).

<sup>45</sup> Airservices Australia, *Submission 2*, [p. 2].

<sup>46</sup> Professionals Australia, *Submission 4*, p. 4.

<sup>47</sup> Mr Dale Beasley, Director, ACT and Australian Government Group, Professionals Australia, *Committee Proof Hansard*, 3 March 2021, p. 53.

<sup>48</sup> The Hon Michael McCormack MP, Deputy Prime Minister, ['Relief package for Australian aviation industry'](#), *Media Release*, 18 March 2020 (accessed 3 March 2021).

<sup>49</sup> DITRDC, *Submission 20*, p. 17.

6.47 Regardless, a number of submitters argued that the reduction in aviation traffic due to the pandemic has highlighted deficiencies in the aviation services funding model. For example, ACTU submitted that 'it would be impossible to justify cost recovery for Airservices and CASA when activity levels have crashed',<sup>50</sup> while Professionals Australia commented that:

The reliance on the operation of industry, particularly commercial aviation, to generate funding for the functioning of CASA and Airservices Australia has been demonstrated as deficient by the COVID-19 driven downturn.<sup>51</sup>

6.48 Inquiry participants made a number of arguments in favour of supporting aviation regulation authorities, which Professionals Australia submitted are currently affected by issues of understaffing and workload intensification which have been exacerbated by the COVID-19 pandemic.<sup>52</sup> Professionals Australia also observed that CASA and Airservices Australia do not just support commercial aviation, but these agencies also 'perform critical roles which enable the safe, reliable operation of Defence and general aviation in Australian cities and across our regions'.<sup>53</sup>

### *The need for better consultation*

6.49 Lack of consultation with industry, stakeholders and workers by the Australian Government was a recurrent theme throughout the inquiry. AFAP observed an 'incomplete consultation feedback and discussion loop', and was concerned that there is no clear 'contact point' in government for aviation stakeholders.<sup>54</sup> It suggested this could be rectified by establishing a designated stakeholder engagement liaison, and through the inclusion of a representative from AFAP or the Australian Airline Pilots' Association on the Future of Aviation Reference Panel.<sup>55</sup> Meanwhile, AIPA relayed concerns about 'consultation fatigue' and ignored outcomes.<sup>56</sup>

6.50 AAA recommended that the Australian Government 'engage in extensive and authentic consultation with airports before decisions are made, rather than imposing impractical and cost prohibitive solutions on the sector'.<sup>57</sup>

6.51 Mr Kaine argued that consultation with workers 'has been non-existent' throughout the pandemic 'from this federal government'.<sup>58</sup> He said trade

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<sup>50</sup> ACTU, *Submission 13*, p. 8.

<sup>51</sup> See, for example: Professionals Australia, *Submission 4*, p. 6.

<sup>52</sup> Professionals Australia, *Submission 4*, [p. 3].

<sup>53</sup> Professionals Australia, *Submission 4*, p. 4.

<sup>54</sup> AFAP, *Submission 3*, p. 15.

<sup>55</sup> AFAP, *Submission 3*, p. 18.

<sup>56</sup> AIPA, *Submission 14*, p. 15.

<sup>57</sup> See, for example: AAA, *Submission 16*, Attachment 1, p. 12.

unions 'have a lot to offer, because of their understanding of and embeddedness ... in the sectors the government is making critical decisions about'. The committee heard that, despite TWU's repeated attempts to engage with key ministers, 'there's been a deafening silence' in response.<sup>59</sup>

6.52 Each of the Australian Aviation Ground Handlers Industry Alliance, the Australian Services Union, and the Tourism and Transport Forum, told the committee that concerns they raised had not been properly considered by the Australian Government.<sup>60</sup>

6.53 As previously mentioned, the Government's *Aviation Recovery Framework* includes the creation of 'a time-limited industry Forum to advise Government on the sector's recovery'. This Forum will be responsible for bringing 'the concerns and views of the sector to the Government through the recovery period', and identifying 'priority topics' for research.<sup>61</sup> The Framework does not include any detail on the proposed members of the industry Forum.

### **Support for airports**

6.54 As noted in Chapter 3, the pandemic resulted in an unprecedented hit to the operations of Australia's major airports.

6.55 In response to COVID-19, the Australian Government introduced several measures intended to support airport operations, including the Domestic Airports Security Costs Support and ex-gratia land tax relief. Submitters largely welcomed this assistance. Both Queensland Airport Limited and the AAA argued that 'continuation of these programs for on-airport tenants would be useful'.<sup>62</sup>

6.56 However, participants were concerned that the majority of aviation support had been directed to airlines, rather than airports or other critical segments of the aviation supply chain. According to Queensland Airports, 'it is increasingly clear the Federal Government's support to the aviation industry during the pandemic has not adequately assisted airports'.<sup>63</sup>

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<sup>58</sup> Mr Kaine, TWU, *Proof Committee Hansard*, 6 September 2021, p. 19.

<sup>59</sup> Mr Kaine, TWU, *Proof Committee Hansard*, 6 September 2021, p. 19.

<sup>60</sup> Australian Aviation Ground Handlers Industry Alliance, Additional information received 5 August 2021; Ms Emeline Gaske, Assistant National Secretary, Australian Services Union, *Proof Committee Hansard*, 6 September 2021, p. 15; Ms Margy Osmond, Chief Executive Officer, Tourism and Transport Forum, *Proof Committee Hansard*, 6 September 2021, p. 8.

<sup>61</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 14.

<sup>62</sup> AAA, *Submission 16*, Attachment 1, p. 10; Queensland Airports Limited, *Submission 6*, p. 7.

<sup>63</sup> Queensland Airports Limited, *Submission 6*, p. 6.



6.57 The committee heard that Australian Government support 'was underwritten largely by airports absorbing their high fixed operating costs'.<sup>64</sup> Councillor Rod Kendall from Wagga Wagga City Council, explained that revenue from aeronautical charges and other airport services are dependent on passenger numbers. He continued:

... the operational aspects of an airport have to continue whether or not air traffic is passing through that airport, and of course the income from that, particularly regular passenger transport, hasn't eventuated, largely, through COVID, and significant losses to those airports have occurred because of it.<sup>65</sup>

6.58 Mr Peter Thomson, General Manager of Wagga Wagga City Council, advised that, as a result, Wagga Wagga Airport suffered a net loss of \$1.083 million in 2020.<sup>66</sup> The committee heard that the airport was in a particularly challenging situation. Current leasing arrangements have impeded Wagga Wagga City Council's ability to secure grant funding, make upgrades or improvements to the airport, and make the facility attractive to capital investment from the private sector.<sup>67</sup>

6.59 Airport representatives argued that government funding must be maintained until demand for travel recovers. Mr Rowe argued that recovery 'is still in its early stages and could take years', meaning 'funding support will continue to be required for an extended period'.<sup>68</sup>

6.60 Further, Mr Adrian Beresford-Wylie, Chief Executive of the Australian Local Government Association, argued more should be done 'for airports at a local level' as they 'are vital community assets'.<sup>69</sup> He warned that council owned airports are going to 'face substantial costs going into the future, in terms of increasing operational costs'.<sup>70</sup>

6.61 The AAA identified a number of opportunities for the Australian Government to provide immediate and long-term support to the airport sector through an \$835 million *Airport Relief and Recovery Plan*. It argued that 'an immediate focus

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<sup>64</sup> AAA, *Submission 16*, p. 4.

<sup>65</sup> Councillor Rod Kendall, Wagga Wagga City Council, *Proof Committee Hansard*, 6 September 2021, p. 39.

<sup>66</sup> Mr Peter Thomson, General Manager, Wagga Wagga City Council, *Proof Committee Hansard*, 6 September 2021, p. 39.

<sup>67</sup> Mr Thomson, Wagga Wagga City Council, *Proof Committee Hansard*, 6 September 2021, p. 39; Councillor Daniel Hayes, Wagga Wagga City Council, *Proof Committee Hansard*, 6 September 2021, p. 40.

<sup>68</sup> Mr Rowe, Queensland Airports Limited, *Proof Committee Hansard*, 29 January 2021, p. 44.

<sup>69</sup> Mr Adrian Beresford-Wylie, Chief Executive, Australian Local Government Association (ALGA), *Proof Committee Hansard*, 4 March 2021, p. 37.

<sup>70</sup> Mr Beresford-Wylie, ALGA, *Proof Committee Hansard*, 4 March 2021, p. 37.

for airports must be on financial relief from government-mandated charges', while in the longer term 'a pathway to recovery must include strategic government investment in airports to make them economically, socially and environmentally sustainable'.<sup>71</sup>

- 6.62 The Government's *Aviation Recovery Framework* outlines a plan to 'reduce red tape and administrative burden, and promote greater flexibility for federally-leased airports as they emerge from the COVID-19 pandemic'. Specifically, the plan says the Government is working modernise regulations under the *Airports Act 1996*, which are 'due to sunset on 1 April 2024'.<sup>72</sup>

### *Security screening costs*

- 6.63 In 2018, the Australian Government introduced a number of measures to further strengthen Australia's domestic and international aviation security, including the requirement that advanced body scanners and other security screening equipment be installed at major and regional airports.<sup>73</sup>
- 6.64 In response to COVID-19, the Australian Government provided relief in the form of the Australian Airline Financial Relief Package, which encompassed a Domestic Aviation Security Charges rebate and other measures to provide infrastructure support and offset the operational costs of security screening requirements.<sup>74</sup> In addition, on 18 December 2020, the Australian Government announced \$66 million in grants under the Regional Airports Screening Infrastructure program to reduce the cost of security screening compliance at regional airports.<sup>75</sup>
- 6.65 The committee heard evidence that, pre-pandemic, security screening costs were covered by passengers through a modest charge on each airline ticket. However, the drop in passenger numbers due to the pandemic has left airports to cover the difference between the fixed costs of providing screening and the per-passenger charge.<sup>76</sup>
- 6.66 Inquiry participants, including the AAA, Canberra Airport, Adelaide Airport Limited and Parafield Airport Limited, highlighted security screening costs as a significant issue for airports during the pandemic. Mr Goodwin quantified

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<sup>71</sup> AAA, *Submission 16*, p. 3.

<sup>72</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 17.

<sup>73</sup> Department of Home Affairs, [Air cargo and aviation](#), last updated 17 March 2020 (accessed 19 March 2021).

<sup>74</sup> The Hon Michael McCormack MP, 'Relief package for Australian aviation industry', *Media Release*, 18 March 2020.

<sup>75</sup> The Hon Michael McCormack MP, Deputy Prime Minister, '[Regional airports land \\$66 million in grant funding](#)', *Media release*, 18 December 2020 (accessed 4 March 2022).

<sup>76</sup> AAA, *Submission 16*, pp. 13-14; AAA, *Submission 16*, Attachment 1, p. 4.

this impact. He explained that airports are 'shouldering at the moment about \$110 million in unrecovered government mandated security screening charges, because there are just very few passengers to pass those costs on to'.<sup>77</sup> Furthermore, the AAA estimated the shortfall in security screening charges in 2020 was approximately \$110 million, despite \$173 million in Australian Government assistance for domestic security screening rebates.<sup>78</sup>

6.67 Canberra Airport warned that cessation of the Domestic Aviation Security Charges rebate would impose further financial pressure on airlines, security providers and, ultimately, airports. Mr Stephen Byron, Managing Director of Canberra Airport, added that:

... without the security funding, we basically would have closed for the whole lot or been open two or three days a week, because the security cost when you have almost no passengers is unbelievably large ... Where we are now is that passenger numbers have recovered to almost 40 per cent—so they're down 60 per cent—and the security cost is a very significant burden that is now not being supported by the Commonwealth.<sup>79</sup>

6.68 Participants called for a continuation of the domestic and regional aviation security relief measures. For example, Mr Trevor Willcock, CEO of Mildura Airport, called for the continuation of the security screening rebate for a further 12 or 24 months,<sup>80</sup> while Adelaide Airport Limited and Parafield Airport Limited recommended 'grants for capital works, rebates for fixed security screening costs and deferrals in implementation of the new security regimes'.<sup>81</sup>

6.69 Mr Goodwin recommended that the programs be extended for up to nine months, with funding for an additional program to rebate international security screening charges, which he argued have become more prominent and pronounced with the repatriation flights.<sup>82</sup>

6.70 AAA argued that a reduction in airport costs, which are passed on to airlines and passengers, would encourage travellers to return to flying. This ought to include, it argued, the 'full government funding of all costs directly connected to the provision, implementation and maintenance of security screening equipment, as well as associated operating expenses'.<sup>83</sup>

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<sup>77</sup> Mr Goodwin, AAA, *Proof Committee Hansard*, 19 February 2021, p. 14.

<sup>78</sup> AAA, *Submission 16*, p. 5.

<sup>79</sup> Mr Stephen Byron, Managing Director, Canberra Airport, *Proof Committee Hansard*, 3 March 2021, p. 66.

<sup>80</sup> Mr Trevor Willcock, CEO, Mildura Airport, *Proof Committee Hansard*, 4 March 2021, p. 40.

<sup>81</sup> Adelaide Airport Limited and Parafield Airport Limited, *Submission 7*, [p. 5].

<sup>82</sup> Mr Goodwin, AAA, *Proof Committee Hansard*, 29 January 2021, p. 14.

<sup>83</sup> AAA, *Submission 16*, p. 13.

6.71 AAA contended that a 'pragmatic and immediate solution' to the problem would be for the Australian Government to 'fully cover the costs of domestic and international aviation security screening' through recovery.<sup>84</sup>

This will allow airports to recover actual costs incurred in the delivery of security services without potential to further increase losses. It will also remove a potentially significant cost barrier to a recovery in air traffic volumes for business and leisure travel. It is believed that this relatively short-term assistance will begin tapering of its own accord once passenger volume comes back into the aviation industry.<sup>85</sup>

6.72 The committee heard that, while the pandemic has created urgency around the question of how mandated security should be funded, this was not a new problem. In the long-term, AAA called for a post-COVID review of security screening charges to reform the funding of the aviation security system.<sup>86</sup>

6.73 The Government's *Aviation Recovery Framework* states that, as the sector emerges from the pandemic, the Government 'will evaluate these programs, in consultation with industry, to ensure they remain fit for purpose'. As part of this evaluation, the Government will review 'the Airservices Australia Enroute Charges Payment Scheme, which is not currently operating' because of pandemic support measures.<sup>87</sup>

6.74 In addition, the Department said, while a lack of data from airports is a significant issue, it is 'continuing to work with Home Affairs', which is conducting an independent review into 'broader security impacts on the sector'. Ms Quigley said that review is expected to finish in March 2022, and after that, the Department expects 'to be able to come up with some options that we could put to government in terms of that more enduring support'.<sup>88</sup>

6.75 In the meantime, Ms Quigley said, the regional airport security initiative will continue until 2023.<sup>89</sup>

### **Airline competition**

6.76 In June 2020, the Treasurer directed ACCC to monitor the prices, costs and profits relating to the supply of domestic air passenger transport services for 3 years. In announcing the direction, the Treasurer stated that ACCC's

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<sup>84</sup> AAA, *Submission 16*, p. 15.

<sup>85</sup> AAA, *Submission 16*, p. 15.

<sup>86</sup> AAA, *Submission 16*, p. 4.

<sup>87</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 21.

<sup>88</sup> Ms Quigley, DITRDC, *Proof Committee Hansard*, 3 March 2022, p. 25.

<sup>89</sup> Ms Quigley, DITRDC, *Proof Committee Hansard*, 3 March 2022, p. 25.

monitoring will assist in protecting competition in the sector and provide another avenue for raising concerns about anticompetitive conduct.<sup>90</sup>

- 6.77 In August 2020, Virgin announced a plan to streamline its services as it prepares to exit voluntary administration under the new ownership of Bain Capital. Virgin explained it was 'resetting ... to meet lower global and Australian demand'.<sup>91</sup> This will include reducing its cost base by reducing staff numbers until demand recovers, streamlining its fleet of aircraft by operating an all-737 mainline fleet and the retention of the regional and charter fleet, but removing ATR, 777, A330 and A320 aircraft types, and discontinuing its low-cost carrier brand, Tigerair.<sup>92</sup>
- 6.78 ACCC submitted that Virgin's plans to reposition itself as a mid-market carrier are likely have significant (albeit unclear) implications for competition in the domestic airline industry, as Virgin was previously the main competitor to Qantas in offering full services.<sup>93</sup>
- 6.79 On 19 November 2020, ACCC granted interim authorisation to Virgin and Alliance Airlines allowing them to cooperate on 41 regional routes and two short-haul international routes. ACCC submitted that these arrangements are 'likely to result in a public benefit by assisting in the re-establishment of Virgin's national network of routes, thereby promoting competition'.<sup>94</sup>
- 6.80 The committee acknowledges that ACCC is continuing to monitor the domestic air passenger services industry to 'facilitate and protect competition in the domestic air passenger services industry as it recovers from the impacts of COVID-19'.<sup>95</sup>

### *Anti-competitive effect of policy interventions*

- 6.81 The COVID-19 pandemic took a swift and significant toll on the aviation sector. In the course of a few months, Australian airlines had suspended flights, grounded planes and stood down thousands of workers. To mitigate the effects of the downturn, the Australian Government stepped in to maintain specific policy objectives. These included maintaining essential air

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<sup>90</sup> The Hon Josh Frydenberg, Treasurer, '[ACCC directed to monitor domestic air passenger services](#)', *Media Release*, 19 June 2020 (accessed 1 April 2021).

<sup>91</sup> DITRDC, *Sydney Airport Demand Management: Discussion Paper*, Discussion Paper, November 2020, p. 33.

<sup>92</sup> Virgin, '[Virgin Australia Group announces plan to focus on core strengths, reestablishing itself as an iconic Australian airline](#)', *Media Release*, 5 August 2020 (accessed 30 March 2021).

<sup>93</sup> ACCC, *Submission 9*, p. 3.

<sup>94</sup> ACCC, *Submission 9*, Attachment B, p. 5.

<sup>95</sup> ACCC, *Submission 9*, p. 1.

connectivity, preserving critical aviation capacity and protecting supply chains for air freight imports and exports.<sup>96</sup>

6.82 However, the committee heard that policy interventions addressing COVID-19 may have had an anticompetitive impact. Inquiry participants suggested that the Australian Government failed to strike the balance between the need for support and the risk of distorting competition.<sup>97</sup>

## Committee view

### *National coordination of border closures*

6.83 The committee understands the frustrations of inquiry participants in relation to state border closures. There is no doubt that a coordinated national approach to imposing and lifting travel restrictions would have meant less confusion for travellers, airlines, the tourism and accommodation sectors, and those whose livelihoods depend on tourism.

6.84 However, the committee also notes that the right of the states to impose restrictions in the interests of protecting the health of the public during a crisis has been recently recognised by the High Court.<sup>98</sup>

6.85 Legal commentators have suggested that the High Court is likely to uphold state-imposed restrictions, as long as they are:

- in place to protect the health of the public;
- appropriate to achieving that purpose without being unduly restrictive; and
- apply only for so long as the crisis persists.<sup>99</sup>

6.86 The committee accepts that Australian states and territories have a legal and moral basis for putting in place arrangements to protect their populations during a crisis—including border restrictions—as long as they are proportionate and temporary. However, this does not negate the possibility of better coordination on a national level.

6.87 The Australian Government could have used the National Cabinet process to engender greater coordination of border closures on a consensus basis. While it may not have been possible to stop border closures, the Commonwealth may have been able to negotiate for more sufficient warnings, and worked with states and territories to develop better communication systems, as well as

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<sup>96</sup> DITRDC, *Submission 20*, p. 12.

<sup>97</sup> Mr Kaine, TWU, *Proof Committee Hansard*, 6 September 2021, p. 20.

<sup>98</sup> [\[2020\] HCA Trans 180](#), p. 2 (accessed 4 March 2022).

<sup>99</sup> Kyle Bridge, '[Australia: State border closures and the Australian Constitution—are they legal?](#)', *Mondaq*, 16 June 2020 (accessed 4 March 2022).

better targeting support for the aviation and tourism sectors in the areas hardest hit by border closures.

- 6.88 The committee urges the Government to increase transparency around National Cabinet—its processes, discussions and documentation—to ensure these lessons are not lost, and the same confusion is not repeated in the next national crisis.

### *The Aviation Recovery Framework*

- 6.89 The Government's *Aviation Recovery Framework* is a disappointingly thin document. It provides detail in certain areas—including in relation to supporting regional airports, reducing red tape, and embracing new technology, including drones—but it is surprisingly vague on how the Government intends to build 'a sustainable pipeline of workforce skills'.
- 6.90 The committee supports the extension of the Women in Aviation initiative and encourages government *and* employers to prioritise programs that support and promote women having successful and rewarding careers in aviation. However, more needs to be done.
- 6.91 The committee supports, in principle, the creation of an industry Forum to 'advise Government on the sector's recovery', relay 'concerns and views of the sector', and identify 'priority topics' for research.<sup>100</sup> However, we are concerned that the Framework does not identify proposed members of the industry Forum, or list which stakeholders will be invited to participate.

### *Continuing issues*

- 6.92 A number of the issues raised over the course of this inquiry have yet to play out. The committee has insufficient evidence to form a view on matters such as funding models for regulatory agencies, slot allocation reform, or security screening costs at airports; though these issues remain of interest to the committee.
- 6.93 The committee will receive updates on these and other matters through briefings from the Department of Infrastructure, Transport, Regional Development and Communications, and will seek to undertake a brief, focussed inquiry into the implementation of the *Aviation Recovery Framework* in late 2022 or early 2023, should concerns remain.
- 6.94 Participants largely agreed that the pandemic has exposed the weakness of the aviation sector, and its vulnerability to external shocks. If the Commonwealth had not provided over \$5.3 billion in support to the sector during the pandemic,<sup>101</sup> many aviation companies would simply not have survived.

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<sup>100</sup> Australian Government, *Aviation Recovery Framework*, December 2021, p. 14.

<sup>101</sup> Ms Quigley, DITRDC, *Proof Committee Hansard*, 3 March 2022, p. 19.

- 6.95 The sector's reliance on government is reflective of Australia's reliance on the aviation sector. As a vast island nation, separated by the tyranny of distance and surrounded by oceans, we are reliant on aviation for many facets of our economic and social wellbeing.
- 6.96 However, this should not mean airlines get a blank cheque when it comes to government money. This inquiry has demonstrated that there is a need for greater accountability; precious resources provided to airlines during a crisis must represent an investment the long-term sustainability of aviation as a national asset.
- 6.97 The Australian Government has enormous influence over the commercial aviation industry through its funding and subsidisation of the sector, particularly during crisis events such as the COVID-19 pandemic. It also has influence over the sector through its procurement practices, as evidenced by the its decision to engage Qantas to operate repatriation flights during the pandemic.
- 6.98 While the Australian Government stepped up its financial support for Qantas and others during the pandemic, it chose not to materially increase its expectations or requirements for how funding and procurement recipients behave and operate. 2,000 Qantas ground handlers, thousands of Qantas international flight attendants, and many others have suffered the consequences of this decision.
- 6.99 The Australian Government has an obligation through all its procurement activities to ensure that its spending is driving fair wages growth, job security and that tenderers are not acting contrary to the national interest.

### **Recommendation 9**

- 6.100 The committee recommends the Australian Government leverages its procurement processes and spending within the aviation sector to protect and lift standards, promote fair wages, conditions and job security, and ensure the effective operation of an aviation industry in the national interest.**

**Senator Glenn Sterle  
Chair**



## Government members - dissenting report

- 1.1 The Rural and Regional Affairs and Transport committee inquiry into the future of Australia's aviation sector, in the context of COVID-19 and conditions post pandemic, made an interim report on 18 March 2021.
- 1.2 The interim report was a rational examination of the crisis facing aviation globally and more specifically in Australia. The Federal Government had acted on some of the recommendations prior to the interim report being tabled.
- 1.3 The final reporting date was extended three times to allow for a more thorough examination of the industry-wide challenges facing Australian aviation from general aviation through to the airline sector, including pilots, engineers, cabin crew and ground crew.
- 1.4 There are challenges with a shortage of pilot and engineer training businesses, reduced general aviation access to many airports, regulation, interest from young people entering the industry, and business confidence generally, following two years of international and domestic border closures.
- 1.5 Recommendation 8 in the final report reflects the work of Coalition senators in aviation roundtables to specifically address training and the cost of certification. These Roundtables were carried out to address identified gaps in the broader aviation ecosystem.
- 1.6 It remains the case that the near- and medium-term demand for air travel is an unknown quantity.
- 1.7 It is disappointing that the final report tabled largely fails to address the Terms of Reference of the Inquiry.
- 1.8 In addition, the draft contains a notable number of unfounded assertions and inappropriate emotive terminology. It lacks detailed scrutiny of testimony.
- 1.9 It appears that the extensions of time have been made to extend the industrial relations dispute between the relevant unions with one airline in particular, that being Qantas.
- 1.10 Rather than using appropriate forums, such as the courts and Fair Work Commission, to prosecute these industrial relations disputes, the Senate has been used to promote the agenda of one group of submitters to the Inquiry, primarily Unions. This is not the purpose of the Rural and Regional Affairs and Transport committee, and the opportunity to properly examine the genuine issues that would see aviation fly again has been wasted.

1.11 The Coalition members have been patient in providing quorum for these hearings and continue to hear evidence in good faith, but cannot support the recommendations of this report.

**Senator Susan McDonald**  
**Deputy Chair**

**Senator Greg Mirabella**  
**Member**

# Appendix 1

## Submissions and Additional Information

### *Submissions*

- 1 Rural Doctors Association of Australia
- 2 Airservices Australia
- 3 AFAP
  - 3.1 Supplementary to submission 3
  - 3.2 Supplementary to submission 3
- 4 Professionals Australia
- 5 Royal Australian and New Zealand College of Psychiatrists
- 6 Queensland Airports Limited
- 7 Adelaide and Parafield Airports Limited
- 8 *Confidential*
- 9 ACCC
- 10 Canberra Airport
- 11 Sport Aircraft Association of Australia (SAAA)
- 12 Department of Finance
- 13 Australian Council of Trade Unions
- 14 Australian & International Pilots Association
- 15 Australian Local Government Association
- 16 Australian Airports Association
  - Attachment 1
- 17 Tasmanian Department of State Growth
- 18 International Transport Workers' Federation
- 19 Australian Services Union
- 20 Department of Infrastructure, Transport, Regional Development and Communications
- 21 Kim Riley
- 22 Flight Attendants' Association of Australia
  - Supplementary Submission
  - Attachment to Supplementary Submission
  - Qantas response to FAAA Supplementary Submission
- 23 Transport Workers' Union of Australia
- 24 Australian Aviation Ground Handling Industry Alliance (AAGHIA)
- 25 Centre for Aviation
- 26 Ms Darlene Bailey
- 27 Mr Brian Bevan
- 28 *Name Withheld*
- 29 *Name Withheld*
- 30 Marcus and Diane De Battista

- 31 Mr Theocharis Seremetidis
- 32 Australian Licenced Aircraft Engineers Association (ALAEA)
  - 32.1 Supplementary to submission 32
  - 32.2 Supplementary to submission 32
- 33 Industry Skills Advisory Council NT
- 34 Royal Flying Doctor Service
- 35 *Confidential*

### *Additional Information*

- 1 Additional information provided by Cr Rod Kendall, Wagga Wagga City Council (received 30 August 2021).
- 2 Additional information provided by the Australian Aviation Ground Handlers Industry Alliance. The document is a media release titled 'Hundreds of airlines flights could be grounded this summer' (dated 9 August 2021).
- 3 Opening statement provided by the Australian Aviation Ground Handlers Industry Alliance for the public hearing on 6 September 2021.
- 4 Additional information provided by the Australian Aviation Ground Handlers Industry Alliance. The document is a letter addressed to the Deputy Prime Minister. (dated 5 August 2021).
- 5 Opening statement provided by the Royal Flying Doctor Service for the public hearing on 8 September 2021 (received 15 September 2021)
- 6 Additional information provided by the Chamber of Commerce Northern Territory. The document is an overview of the Territory Aviation Skills Centre (received 3 September 2021).

### *Answer to Question on Notice*

- 1 Answers to questions taken on notice by the Australian Council of Trade Unions at a public hearing on 29 January 2021 in Brisbane (received on 11 February 2021).
- 2 Answers to questions taken on notice by Virgin Australia after a public hearing on 29 January 2021 in Brisbane (received on 12 February 2021).
- 3 Answers to questions taken on notice by Mr Theocharis Seremetidis at a public hearing on 10 February 2021 in Sydney (received on 25 February 2021).
- 4 Answers to questions taken on notice by Qantas at a public hearing on 3 March 2021 in Canberra (received on 11 March 2021).
- 5 Answers to questions taken on notice by the Australian Aviation Ground Handling Industry Alliance at a public hearing in Canberra on 3 March 2021 (received on 17 March 2021).
- 6 Answers to written questions on notice by Virgin Australia on 15 February 2021 (received on 18 March 2021).
- 7 Answers to questions taken on notice by the Department of Infrastructure at a public hearing in Canberra on 4 March 2021 (received on 11 May 2021).

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- 8 Answers to questions taken on notice by the Department of Infrastructure at a public hearing in Canberra on 6 September 2021 (received 5 October 2021)
  - 9 Answers to questions taken on notice by the Alice Springs Town Council at a public hearing on 8 September 2021 in Canberra (received 4 October 2021)
  - 10 Answers to questions taken on notice by the Royal Flying Doctor Service at a public hearing on 8 September 2021 in Canberra (received on 24 September 2021)
  - 11 Answers to questions taken on notice by Cebu Pacific at a public hearing on 8 September 2021 in Canberra (received 22 October 2021)
  - 12 Answer to question taken on notice by the Department of Infrastructure at a public hearing in Canberra on 6 September 2021 (received 29 October 2021)

#### *Tabled Documents*

- 1 Opening statement tabled by Virgin at a public hearing in Brisbane 29 January 2021.
- 2 Opening statement tabled by Australian Airports Association at a public hearing in Brisbane on 29 January 2021
- 3 Document tabled by the Transport Workers' Union at a public hearing in Canberra on 3 March 2021.
- 4 Document tabled by Airservices Australia at a public hearing in Canberra on 4 March 2021.



## Appendix 2

# Public Hearings and Witnesses

*Thursday, 28 January 2021*

Royal on the Park  
152 Alice Street  
Brisbane

*Australian Federation of Air Pilots*

- Mr Marcus Diamond, Safety and Technical Manager
- Mr Lachlan Gray, Safety and Technical Officer
- Captain Louise Pole, President

*Friday, 29 January 2021*

Royal on the Park  
152 Alice Street  
Brisbane

*Virgin Australia*

- Mr Stuart Aggs, Chief Operations Officer
- Ms Dayna Field, Chief Legal & Risk Officer
- Ms Jayne Hrdlicka, Chief Executive Officer and Managing Director

*Australian Airports Association*

- Mr James Goodwin, Chief Executive
- Mr Scott Martin, Director of Policy and Research

*Australian Council of Trade Unions*

- Mr Scott Connolly, Assistance Secretary
- Mr Nicholas Harris, Delegate
- Mr Christopher Watts, Senior Policy Advisor

*Queensland Tourism Industry Council*

- Mr Daniel Gschwind, Chief Executive

*Brisbane Airport Corporation*

- Ms Rachel Crowley, GM Communication and Public Affairs
- Mr Cory Heathwood, Head of Government, Industry and Public Affairs
- Mr Kerry O'Toole, Head of Aeronautical Pricing and Commercial

*Queensland Airports Limited*

- Ms Lucy Ardern, General Manager - Corporate Relations

- Mr Adam Rowe, Executive General Manager - Business Development and Marketing

*Wednesday, 10 February 2021*

The Grace Hotel  
77 York Street  
Sydney

*Aviation Workers Round Table*

- Ms Darlene Bailey, Private capacity
- Ms Tina Courtenay, Member, Australian Services Union NSW & ACT (Services)
- Mr Don Dixon, Private capacity
- Edesse Hakko, Private capacity
- Ms Marian Harris, Private capacity
- Mr Bruce W Rogers, Delegate, Australian Services Union and United Services Union
- Ms Anna-Maria Saglimbeni, Private capacity
- Mr Theo Seremetidis, Private capacity
- Mrs Desiree Sheets-Chavolla, Private capacity
- Ms Claudine Tenana, Delegate, United Services Union

*Wednesday, 3 March 2021*

2S1, Parliament House

*International Transport Workers' Federation*

- Mr Scott McDine, ITF Sydney

*Qantas Airways Ltd*

- Mr Andrew David, Chief Executive Officer, Qantas Domestic and International
- Mr Andrew Finch, General Counsel and Group Executive, Officer of the Chief Executive Officer
- Mr Andrew Parker, Group Executive, Government, Industry, International and Sustainability

*Rex Airlines*

- The Hon. John Sharp, Deputy Chairman

*Dnata Catering Australia*

- Mr Hiranjan Aloysius, Chief Executive Officer

*Appearing in their capacity as members of the Australian Aviation Ground Handling Industry Alliance (AAGHIA)*

- Mr Alistair Reid, Member



- Mr Glenn Rutherford, Member
- Mr Bruce Stokes, Member

*Australian Services Union*

- Ms Cory Flynn, Airline Worker and Delegate, Victorian Private Sector Branch
- Ms Emeline Gaske, Assistant National Secretary
- Ms Imogen Sturni, Branch Assistant Secretary, Victorian Private Sector Branch
- Ms Nerisa Tofete, Airline Worker and Delegate, Victorian Private Sector Branch

*Transport Workers' Union of Australia*

- Mr Michael Kaine, National Secretary

*Professionals Australia*

- Mr Dale Beasley, Director, ACT and Australian Government Group
- Mr Matthew Kelly, President, Australian Government Group

*Flight Attendants' Association of Australia*

- Ms Teri O'Toole, Federal Secretary
- Ms Sally Taylor, Industrial Officer

*Australian & International Pilots Association*

- Captain Murray Butt, President
- Captain Barry Jackson, Vice-President
- Captain Dick MacKerras, Technical, Safety and Regulatory Affairs Adviser

*Australian Licensed Aircraft Engineers Association*

- Mr Stephen Purvinas, Federal Secretary

*Canberra Airport*

- Mr Stephen Byron, Managing Director

- *Private Capacity*
- Mr Chris Carney
- Mr Damian Pollard
- Mr Peter Seymour
- Mr Sean Toohey

*Thursday, 4 March 2021*

2S1, Parliament House

*Department of Infrastructure, Transport, Regional Development and Communications*

- Ms Christine Dacey, Deputy Secretary, Transport Group

- Ms Janet Quigley, First Assistant Secretary, Domestic Aviation and Reform
- Mr Oliver Richards, Assistant Secretary, Strategic and Economic Policy
- Mr Richard Wood, First Assistant Secretary, International Aviation, Technology and Services

*Department of Finance*

- Mr Andrew Jagers, Deputy Secretary, Commercial and Government Services

*The Treasury*

- Mr Matthew Brine, First Assistant Secretary, Environment, Industry and Infrastructure Division
- Mr Matthew Maloney, Assistant Secretary, Infrastructure Branch, Environment, Industry and Infrastructure Division

*Australian Competition and Consumer Commission*

- Mr David Cranston, Co-lead, Airline Competition Taskforce
- Mr Richard Fleming, General Manager, Airline Competition Taskforce
- Ms Aggie Marek, Co-lead, Airline Competition Taskforce
- Mr Rod Sims, Chair

*Airservices Australia*

- Mr Jason Harfield, Chief Executive Officer
- Mr Paul Logan, Chief Financial Officer

*Australian Local Government Association*

- Mr Adrian Beresford-Wylie, Chief Executive

*Mildura Airport*

- Mr Peter O'Donnell, Chair
- Mr Trevor Willcock, Chief Executive Office

*Rural Doctors Association of Australia*

- Mrs Peta Rutherford, Chief Executive Officer

*Monday, 6 September 2021*

Main Committee Room - Parliament House  
and via videoconference

*Australian Aviation Ground Handling Industry Alliance (AAGHIA)*

- Ms Ann Maree Jackson, Spokesperson
- Mr Stuart Richardson, Spokesperson

*Tourism and Transport Forum*

- Ms Margy Osmond, Chief Executive Officer

*Australian Services Union*

- Mr Ken Dougherty, Member, New South Wales and ACT Branch
- Ms Emeline Gaske, Assistant National Secretary
- Ms Jayne Lacey, Delegate, Victorian Private Sector Branch
- Ms Catherine Moller, Delegate, Queensland Together Branch
- Ms Rhiannon Robson, Organiser, New South Wales and ACT Branch
- Ms Imogen Sturni, Branch Assistant Secretary, Victorian Private Sector Branch

*Transport Workers' Union of Australia*

- Mr Michael Kaine, National Secretary

*Australian Federation of Travel Agents*

- Ms Liza-Jayne (LJ) Loch, Interim Head of Advocacy
- Mr Tom Manwaring, Chair

*Department of Infrastructure, Transport, Regional Development and Communications*

- Ms Diane Brown, Acting Deputy Secretary
- Ms Clare Chapple, Assistant Secretary, Regional Policy and Programs
- Mr Jason Dymowski, Assistant Secretary, Domestic Policy and Programs
- Mr Phil McClure, Acting Assistant Secretary, Airports
- Ms Janet Quigley, First Assistant Secretary, Domestic Aviation and Reform
- Mr Jim Wolfe, Assistant Secretary, International Aviation
- Mr Richard Wood, First Assistant Secretary, International Aviation, Technology and Services

*Australian Federation of Air Pilots*

- Captain Eden Aughey, Member
- Mr Marcus Diamond, Safety and Technical Manager
- Mr Lachlan Gray, Safety and Technical Officer
- Captain Louise Pole, President

*Wagga Wagga City Council*

- Councillor Daniel Hayes
- Councillor Rod Kendall
- Mr Peter Thomson, General Manager
- Mr Darryl Woods, Manager, Council Business

*Wednesday, 8 September 2021**Northern Territory**Alice Springs Town Council*

- Mr Robert Jennings, Chief Executive Officer

*Royal Flying Doctor Service*

- Ms Lauren Gale, Director, Programs and Policy
- Mr Frank Quinlan, Federation Executive Director

*Cebu Pacific Air*

- Mr Jose Alejandro (Alex) Reyes, Chief Strategy Officer

*Industry Skills Advisory Council Northern Territory*

- Ms Debbie Paylor, General Manager

*Australian Licenced Aircraft Engineers Association (ALAEA)*

- Mr Stephen Purvinas, Federal Secretary

*Chamber of Commerce Northern Territory*

- Mr Rohan Badenhop, Project Officer
- Mr Stephen Goodall, Chief Policy Officer

*Department of Industry, Tourism and Trade*

- Ms Valerie Smith, Acting Executive Director, Industry Development, Tourism NT

*Tourism Top End*

- Mr Glen Hingley, General Manager

*Territory Aviation Skills Centre*

- Mr Chris Pigott, Board Member
- Mr Philip Roberts, Vice Chair

*Thursday, 3 March 2022*

Stamford Plaza Sydney Airport  
Cnr Robey & O'Riordan Street  
Mascot

*Qantas Group Ltd*

- Mr Andrew Finch, General Counsel and Group Executive, Office of the Chief Executive Officer
- Mr Andrew McGinnes, Group Executive, Corporate Affairs

*Department of Infrastructure, Transport, Regional Development and Communications*

- Mr Jason Dymowski, Assistant Secretary, Domestic Policy and Programs
- Ms Janet Quigley, First Assistant Secretary, Domestic Aviation and Reform
- Mr Richard Wood, First Assistant Secretary, International Aviation, Technology and Services

*Australian Council of Trade Unions*

- Ms Michele O'Neil, President

- *Flight Attendants Association of Australia*
- Ms Teri O'Toole, Federal Secretary
- Mr Stephen Reed, Manager, Industrial Relations

*Transport Workers' Union of Australia*

- Mr Michael Kaine, National Secretary
- Mr Brett Langford, Former Delegate