



Media Release

QANTAS ANNOUNCES JOB AND CAPACITY CUTS

SYDNEY, 18 July 2008: The Qantas Group said today it would cut 1,500 jobs worldwide in response to the sustained high oil prices and changing economic conditions.

The Chief Executive Officer of Qantas Airways Limited, Mr Geoff Dixon, said that in addition to the job cuts, Qantas would not implement its budgeted growth in flying in the 2008/09 financial year and would cancel plans to hire a further 1,200 people for that growth.

Mr Dixon said every effort would be made to achieve the job cuts through voluntary redundancy, early retirements, leave without pay, an accelerated leave program and converting positions from full-time to part-time.

“However, some compulsory redundancies will be necessary, which we regret.

“The jobs to be cut will be principally concentrated in non-operational areas, although operational positions will also go.”

“Over 20 per cent of our management and head office support jobs will be cut,” he said.

“The redundancy program will be completed by December.”

Mr Dixon said the aviation industry was facing a major crisis throughout the world and Qantas needed to act decisively to ensure its future.

“Acting now, on top of the measures already taken, will protect our competitive position, protect the great majority of over 36,000 jobs and enable us to grow profitably when conditions improve.

Mr Dixon said as a result of today’s decision, the Qantas group would:

- maintain a recruitment and executive pay freeze for the foreseeable future;
- reduce forecast capacity growth in 2008/09 from eight per cent to nil growth;
- retire up to 22 older aircraft from its fleet of 228 (including announcements previously made);
- close its long-running call centres in Tucson, Arizona and London at a cost of 99 jobs, and concentrate all its call centre activity in Australia and New Zealand;
- suspend Jetstar’s recruitment program until the end of the year, including its recruitment of pilots under the 457 visa program; and

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- close Jetstar's cabin crew and pilot base in Adelaide by the end of August, with Jetstar's 37 return weekly Adelaide flights to remain and be serviced by aircraft and staff based in Darwin and Sydney.

Mr Dixon said Qantas would also:

- proceed with its major fleet re-equipment program of new and more fuel efficient aircraft such as the A380 and B787; and
- proceed with its customer-focused product and service initiatives such as domestic Business class lounges, terminal facilities and opening the new Qantas Customer Service Centre of Excellence.

He said Qantas was very conscious of the important role it played in business and tourism throughout metropolitan and regional Australia.

"This was uppermost in our mind when reviewing all aspects of our operations in recent weeks and, as a result, the latest schedule changes mostly involve a reduction of capacity on some routes and not the wholesale elimination of routes.

"Also we need to keep developing new opportunities and we will, for example, proceed with opening up already announced new direct services between Sydney and Buenos Aires in November."

Mr Dixon said Qantas had successfully responded, with the valuable support of its people and its customers, to many crises since privatisation in 1995.

"We are confident of doing the same again, particularly now that we have reached an in principle agreement with the union representing our engineers, the ALAEA. This should mean a quick cessation to the difficulties our customers have experienced over the past ten weeks."

Mr Dixon said the agreement, and the one reached on Wednesday with AIPA, the union representing 1,800 pilots, provided greater flexibility for Qantas and its pilots and its engineers, certainty at a volatile and difficult time and maintenance of a sustainable wages policy.