



THE QANTAS EFFECT:

The changing nature of aviation employment







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FOREWORD

The information contained in this report poses serious questions not only for employers and regulators in the aviation industry but for all industries. Those questions can be boiled down to two simple queries: what jobs do we want our children to do and what kind of society should we leave them?

The aviation industry is booming. Airlines, airports and the industries that service them are billion-dollar companies. Qantas is expected to make almost \$1 billion in profit this year while a report by the Australian Competition and Consumer Commission in April showed Australia's four main airports had revenues of \$2.8 billion in 2013/14. But while revenues and profits have gone up, the quality of the jobs have gone down.

The results contained in this report are startling: over 40% of aviation workers surveyed are on part-time work. In QGS, a company Qantas created just six years ago, none of those surveyed are in full-time employment. QGS contracts guarantee their employees only 20 hours a week. Many of the comments left in the survey are a plea for more work so that employees can meet routine costs. These employees simply cannot pay full-time bills with part-time wages. They are fearful for their future with over 75% of respondents saying they will not be able to afford to retire at 65.

It is clear that there is a sinister strategy at play. Airlines which once prided themselves on being highly sought-after employers are now being seen by their workforces as undercutting their conditions at every turn, forcing employees into part-time work and using labour hire firms on low cost contracts.

Qantas has sacked 5000 employees and replaced them with 9000 part-time workers which it employs through subsidiary firms it has



created, such as QGS, or labour hire firms such as Aerocare. Qantas Airways has said it will no longer hire any new ground operations workers and instead is engaging low paid, part-time and casual workers. As the market leader Qantas is creating an environment where other airlines and companies that service them are following them in a race-to-the-bottom on workers' wages and conditions.

This is a damning state of affairs for an industry awash with money. Aviation will only be strong and sustainable if the people it employs have job security, quality full-time work with good, regular training and clear career paths.

This can be achieved while keeping the industry healthy and profitable. What it takes is some vision and leadership. Those with a stake in the future of aviation must work towards achieving an industry in which future generations will want to work.

A handwritten signature in blue ink, appearing to read 'Tony Sheldon'.

Tony Sheldon
TWU National Secretary



EXECUTIVE SUMMARY



What does a job in aviation look like? This report is a snapshot of a survey that gauged the work situation, conditions and attitudes of employees in the aviation industry, with a particular focus on Qantas employees in Qantas Airways, QCatering and QGS.

It examines the number of hours employees work and how important they believe full-time employment is. It looks at the take-home pay after tax of employees and whether this pay allows them to meet their costs and retire. It examines their attitudes to the use of companies contracted by airlines to carry out work that airlines traditionally used to do or still do but to a lesser degree, because of a policy of outsourcing. Finally, it gauges to what extent employees feel empowered to change their work situations and what they feel are the threats to the aviation industry.

RESULTS:

It is clear from the survey results that employment in the aviation industry is becoming dominated by part-time work, with 42% of employees in non full-time roles. Qantas Airways, which has recruited few new employees in recent years and has lost thousands of workers through redundancies, has just 18% in non full-time roles. None of those surveyed in QGS, the new firm Qantas set up in 2011, have full-time employment. Yet respondents place a high value on full-time work with almost 60% saying full-time work is important.

It is also clear that the work many employees undertake does not allow them to meet their costs. Almost 40% of aviation employees say they earn \$700 or less after tax per week with this figure jumping to almost 70% for QGS employees.

This undermines the standard of living of employees. Almost 70% of employees say their pay does not allow them to meet their cost of living while over 75% say they will not be able to retire at 65.

Workers employed directly by airlines often work side-by-side with employees of subsidiary firms and labour hire firms. One in three respondents said they believe contracting companies are used to avoid paying decent wages and conditions to workers. This jumps to almost 70% for Qantas employees. Almost 65% of employees across the industry believe it is important that wages and conditions should not be undercut in this way.

Due to forced part-time work, low wages and working environments where labour hire employees work alongside full-time workers directly employed by airlines, there is a sense of powerlessness to change the situation. Over 80% feel they do not have the power to change their rate of pay while over 70% feel they do not have the power to change their part-time situation. At the same time there is a strong desire for better laws to ensure fairness in the workplace.

Most respondents believed that poor management (73%), unfair competition from international airlines (53%) and lack of government regulation (56%) are threatening the industry.

SHIFT TO PART-TIME WORK

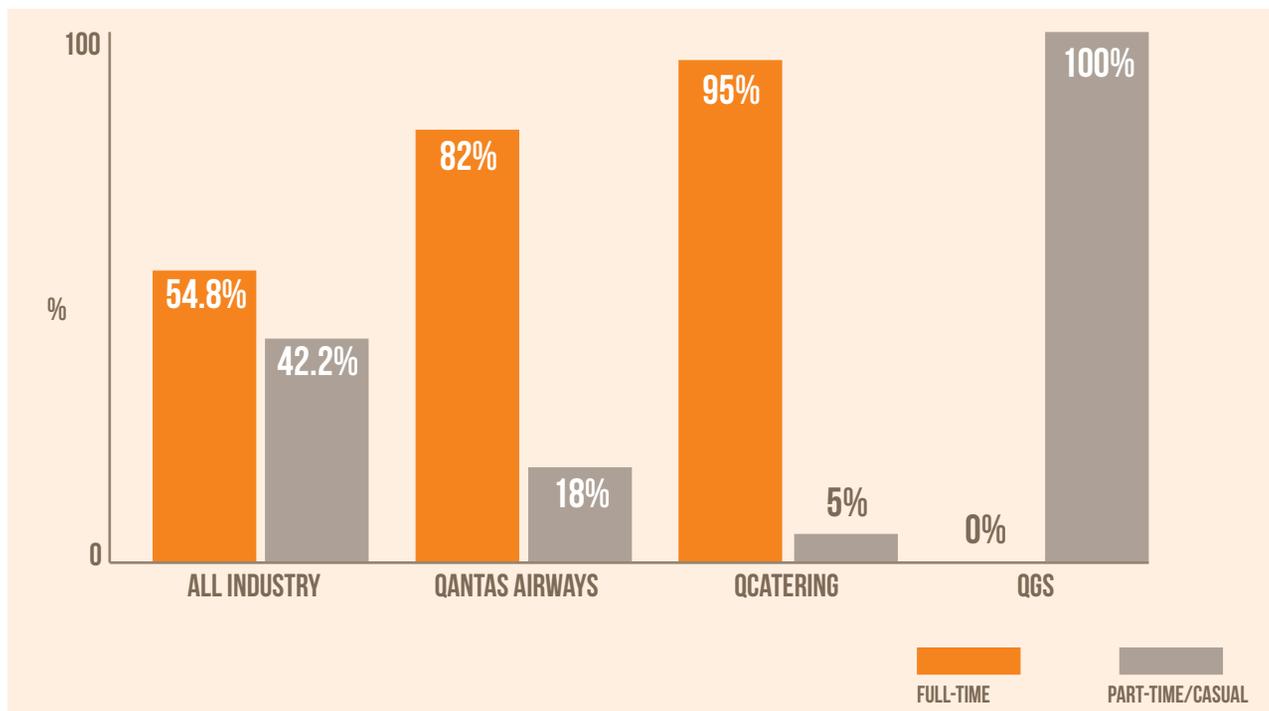
The aviation industry has a large part-time/casual workforce with over 42% reporting working in non full-time roles. The trend towards part-time work can be seen in that Qantas Airways has just 18% of non full-time roles while new Qantas subsidiary QGS, set up just four years ago, has 100% non full-time roles.

Australian Bureau of Statistics data observes in the post global financial crisis period between

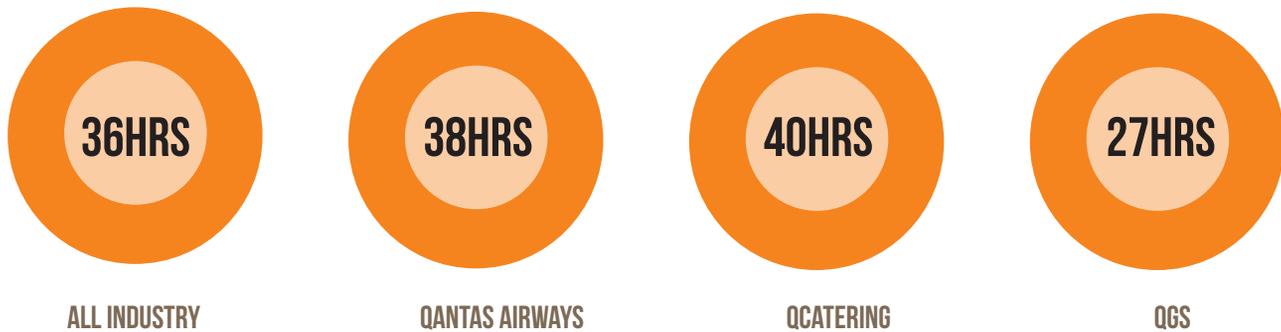
2008-2012, that part-time employment in the aviation sector grew at a rate 4.1 times faster than full-time employment.¹ Despite being engaged in 100% part-time/casual employment, QGS respondents value job security and full-time employment to a similar degree as their predominately full-time counter parts at Qantas Airways and QCatering.

1. ABS Employed Person by Industry Subsector and Sex, Time Series Workbook

EMPLOYMENT TYPE:



AVERAGE HOURS WORKED PER WEEK:



WHAT EMPLOYEES SAY:

“ I WOULD LIKE FULL-TIME WORK. IT’S VERY HARD TO LIVE ON PART-TIME HOURS.

– baggage handler and ramp worker, father-of-three in Cairns.

“ I NEED MORE HOURS. HOW CAN ANYONE SURVIVE ON 4 HOUR SHIFTS, 5 DAYS A WEEK?

– baggage handler and father-of-two in Cairns who works two jobs to make a living.

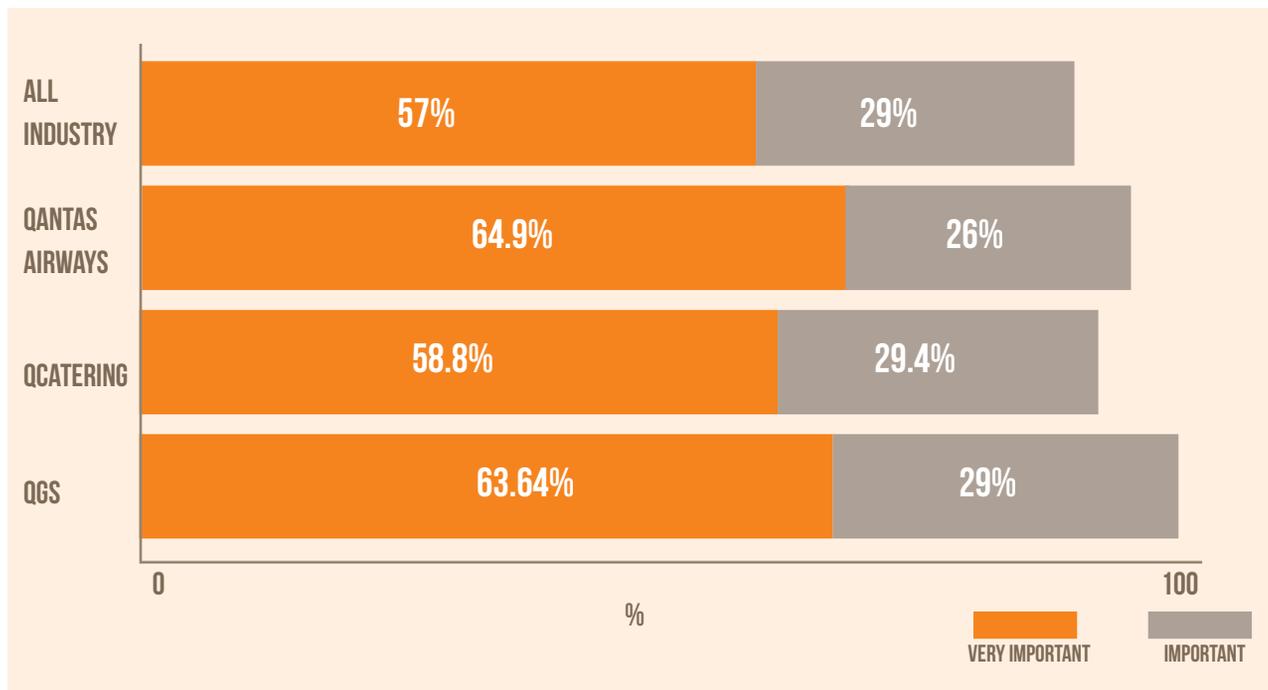
“ I JUST WANT TO BE MADE PERMANENT.

– catering worker and mother-of-two in Sydney.

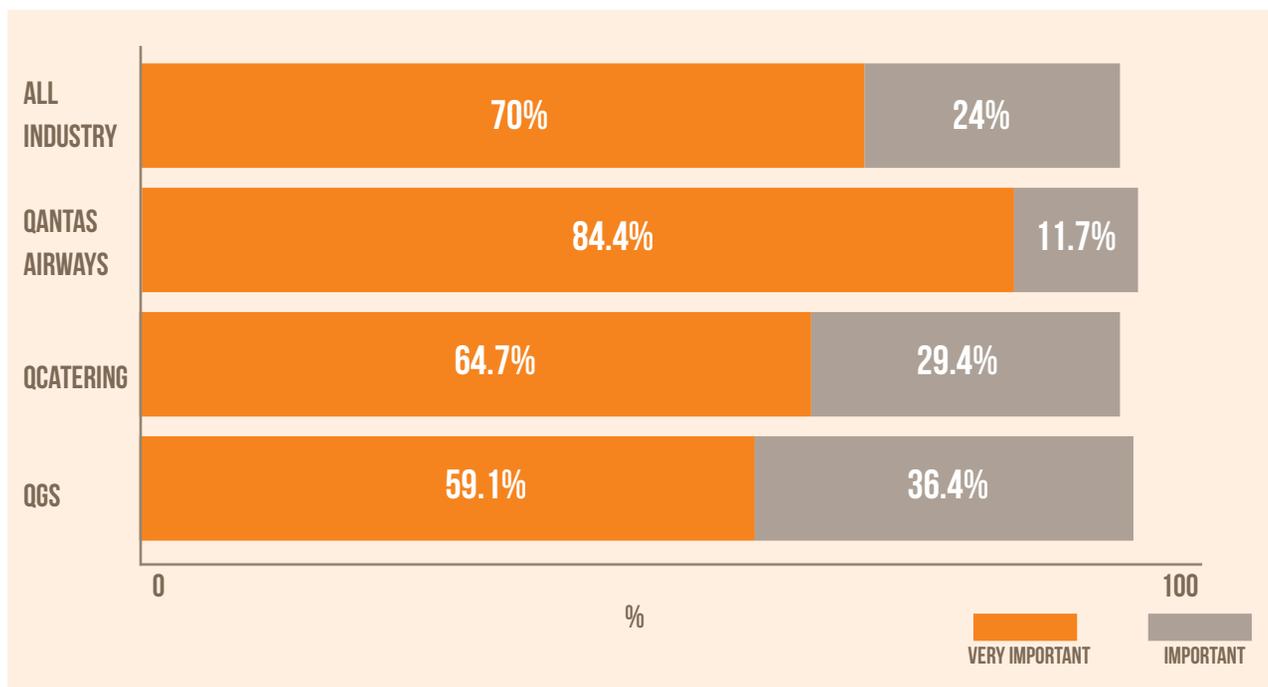
“ MORE HOURS, MORE FULL-TIME JOBS, NO MORE 4 HOUR SHIFTS.

– baggage handler and ramp worker, father-of-two in Perth.

AVIATION WORKERS THINK MORE FULL-TIME EMPLOYMENT OPPORTUNITIES ARE IMPORTANT:



IMPORTANCE OF BETTER JOB SECURITY:



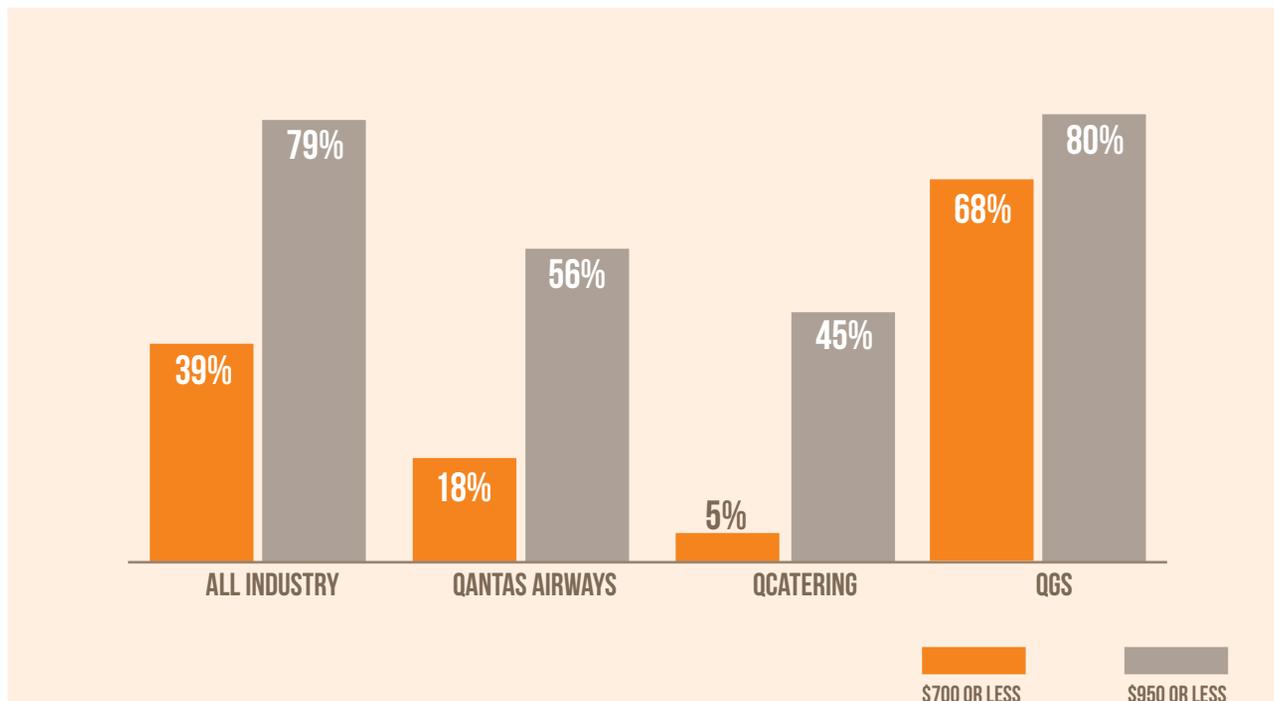
LOW PAY IN THE INDUSTRY

For the March quarter of 2015, the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute) calculated the Australian Poverty Line (the estimated income level required for a household to remain out of poverty) at \$958.23 per week, after tax, for a family of two adults and two children with one source of income.² Almost 80% of respondents earn a weekly post-tax income of \$950 or less; of that 40% earn \$700 or less. This jumps to almost 70% for QGS workers.

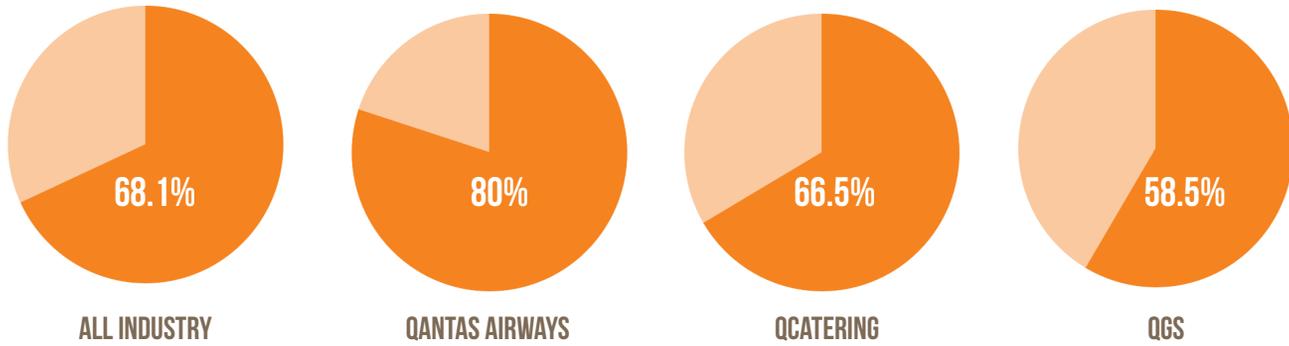
The effects of these pay levels are pronounced for respondents: 68% believe their income does not meet their living costs while 76% of total respondents believe they will not be able to afford to retire at 65. Almost all respondents believe better rates of pay are important.

² March Quarter 2015, Poverty Lines Australia, The Melbourne Institute of Applied Economics and Social Research

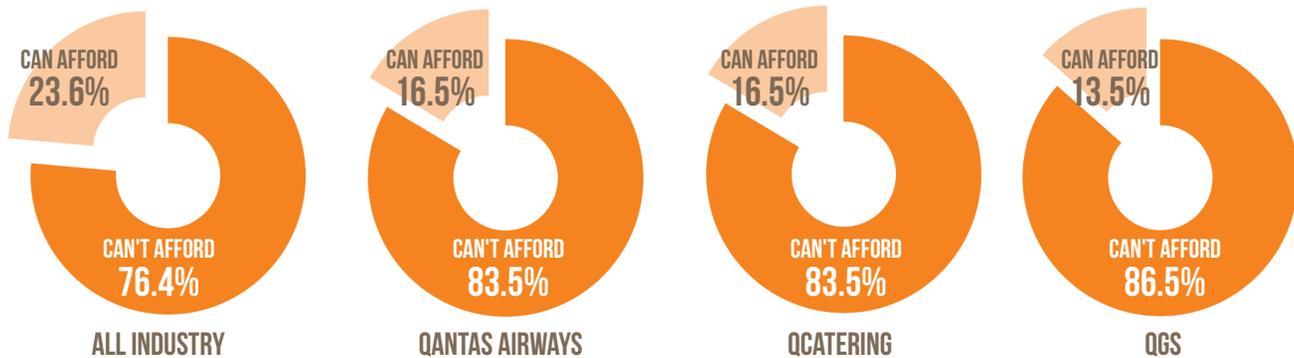
AVERAGE WEEKLY PAY AFTER TAX:



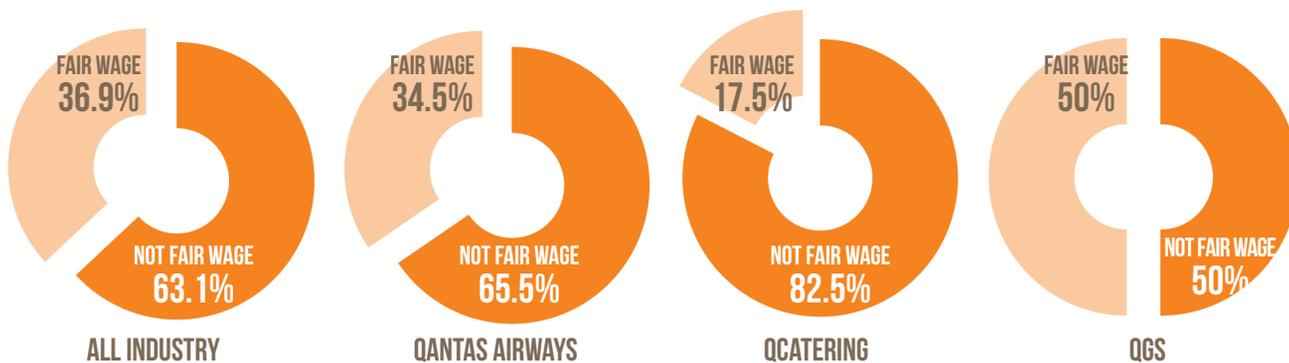
WORKERS WHO SAY INCOME DOESN'T MEET LIVING COSTS:



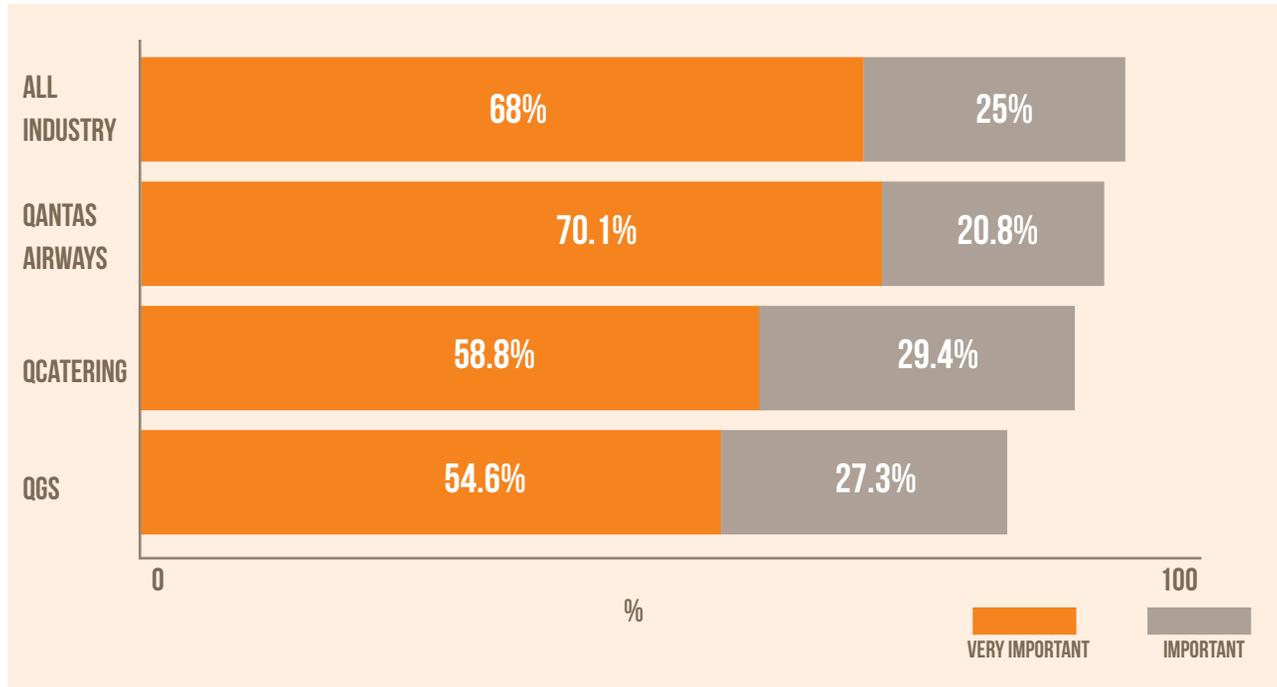
WORKERS CAN'T AFFORD TO RETIRE AT 65:



WORKERS DON'T THINK THEY'RE PAID A FAIR WAGE:



IMPORTANCE OF BETTER RATES OF PAY:



WHAT EMPLOYEES SAY:

“ I CAN’T AFFORD TO RETIRE AT 65 BECAUSE I ALREADY LIVE PAY CHEQUE TO PAY CHEQUE.

– baggage handler in Cairns.

“ I CAN’T AFFORD TO RETIRE AT 65 BECAUSE I WILL NEED TO FIND FULL-TIME WORK.

– baggage handler and ramp worker in Adelaide.

“ WAGE INCREASES GENERALLY DON’T COVER THE COST OF LIVING.

– baggage handler and ramp worker in Adelaide who has worked for over 20 years in aviation.

“ HAVEN’T HAD A DECENT WAGE IN 7-9 YEARS.

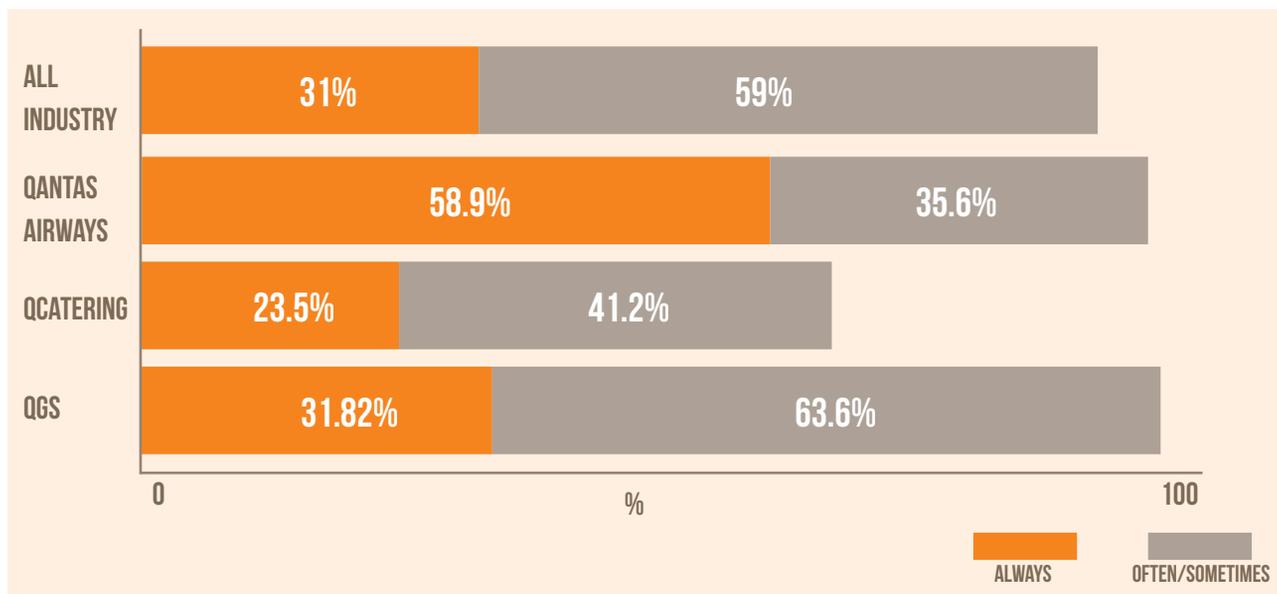
– catering worker and father-of-two in Sydney.

INCREASED USE OF CONTRACT

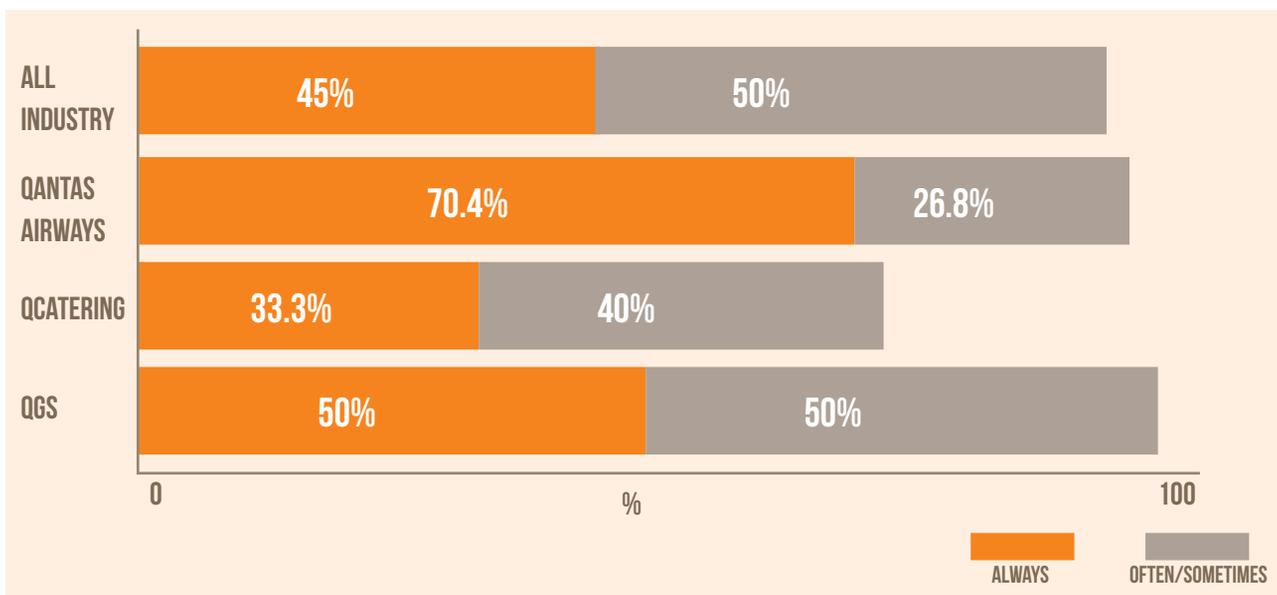
There is a general acceptance among aviation workers that contracting companies are used by airlines to reduce operating costs. Qantas Airways employees are more likely than to believe that contracting companies are used by airlines to avoid providing decent

wages and conditions. However, almost one out of three employees at contracting company QGS, also agree that contracting companies are used by Airlines to avoid providing decent wages and conditions to aviation workers.

WORKERS BELIEVE AIRLINES USE CONTRACTING COMPANIES TO AVOID PROVIDING DECENT WAGES AND CONDITIONS TO AVIATION WORKERS:



WORKERS BELIEVE AIRLINES USE CONTRACTING COMPANIES TO REDUCE COSTS:

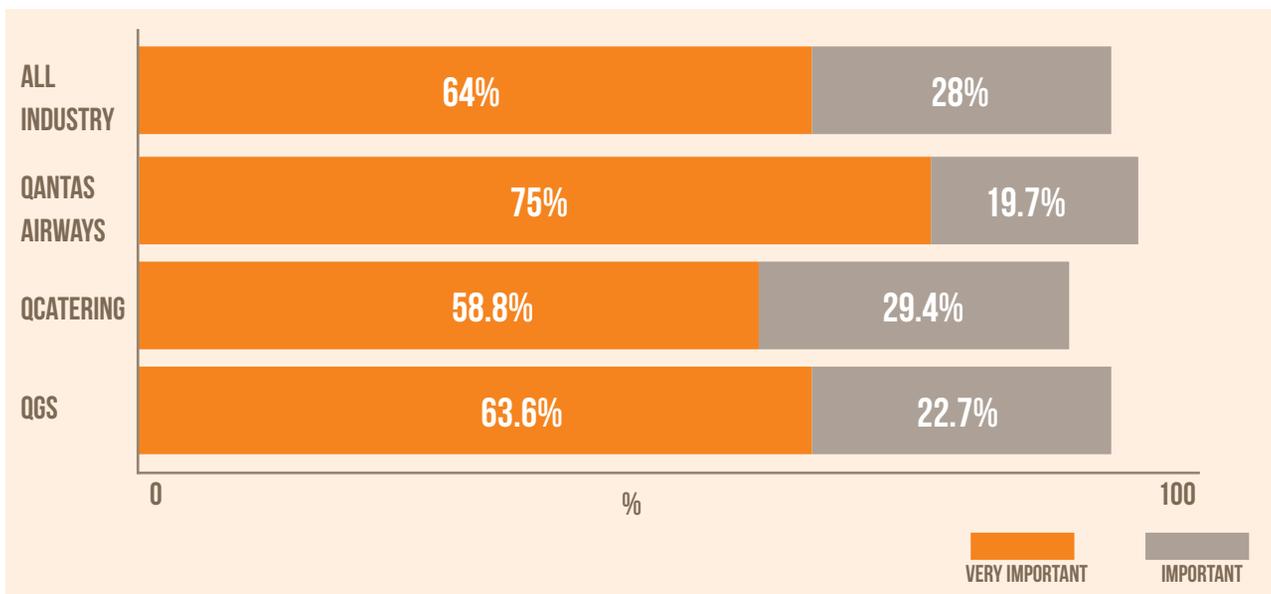


FACTORS

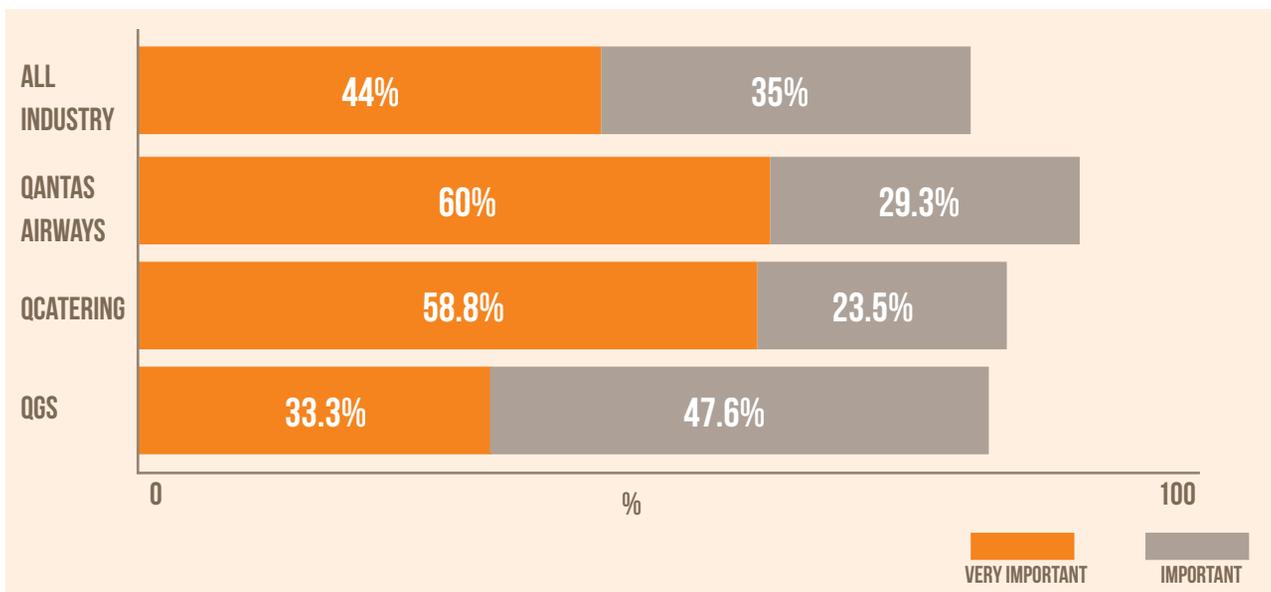
While an overwhelming majority of all respondents regard a level playing field for wages and conditions for all aviation workers as very important (64%), this was significantly higher among Qantas Airways respondents (75%).

Respondents employed within the Qantas Group (Qantas Airways, QCatering and QGS) believe more strongly than non-Qantas Group respondents, in the importance of the accountability of airlines for the behaviour of sub-contractors.

IMPORTANCE OF LEVEL PLAYING FIELD FOR WAGES AND CONDITIONS FOR ALL AVIATION WORKERS:



IMPORTANCE OF AIRLINE ACCOUNTABILITY FOR SAFE & FAIR LABOUR PRACTICES BY CONTRACTORS:



POWER IN THE WORKPLACE

Power in the workplace represents the degree of influence employees feel they have over their workplace rates and conditions. The majority of all respondents (83%) believe they do not have enough power in determining their rate of pay. This remains high throughout all three Qantas Group divisions.

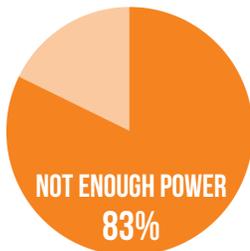
The majority of all respondents believe they do not have enough power in determining their type of employment (for example: full-time, part-time or casual). Importantly, QGS employees, who are engaged in 100% part-time/casual employment, feel most

strongly that do not have enough power in determining their type of employment.

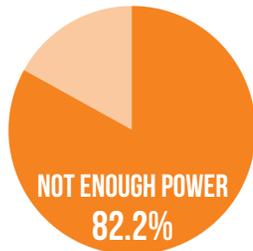
The majority of respondents also believe they do not have enough power in determining their overall working conditions. These beliefs are more pronounced among Qantas Airways employees.

Qantas Airways respondents also believe more strongly (65%) than respondents overall (57%) that fairer workplace laws are very important for a secure and sustainable Australian aviation industry.

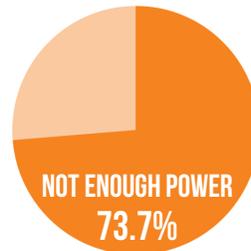
WORKERS DON'T FEEL THEY HAVE POWER TO DETERMINE THEIR RATE OF PAY:



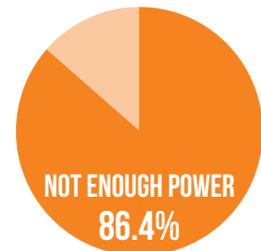
ALL INDUSTRY



QANTAS AIRWAYS

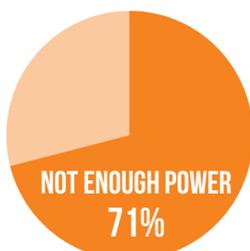


QCATERING

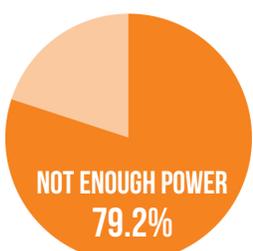


QGS

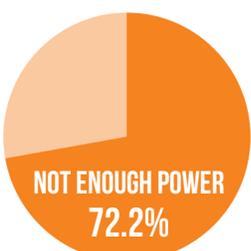
WORKERS DON'T FEEL THEY HAVE POWER TO DETERMINE THEIR TYPE OF EMPLOYMENT:



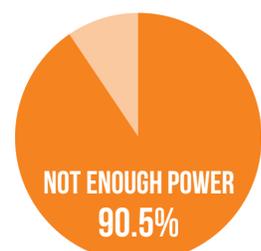
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QANTAS AIRWAYS

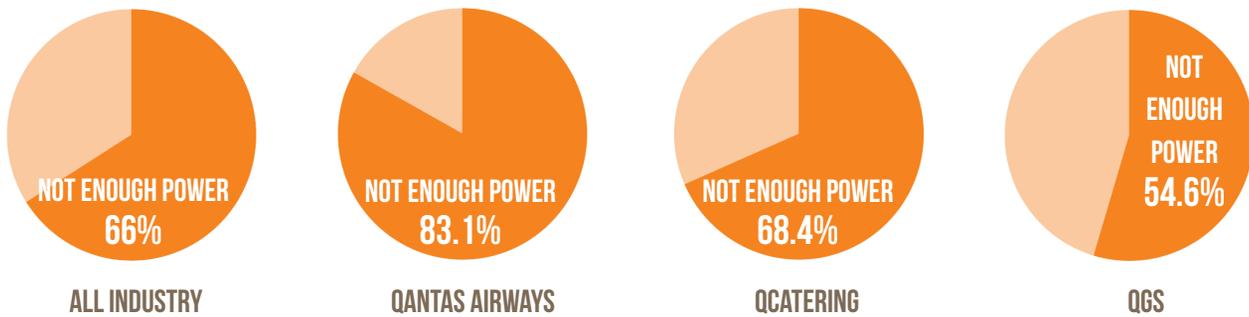


QCATERING



QGS

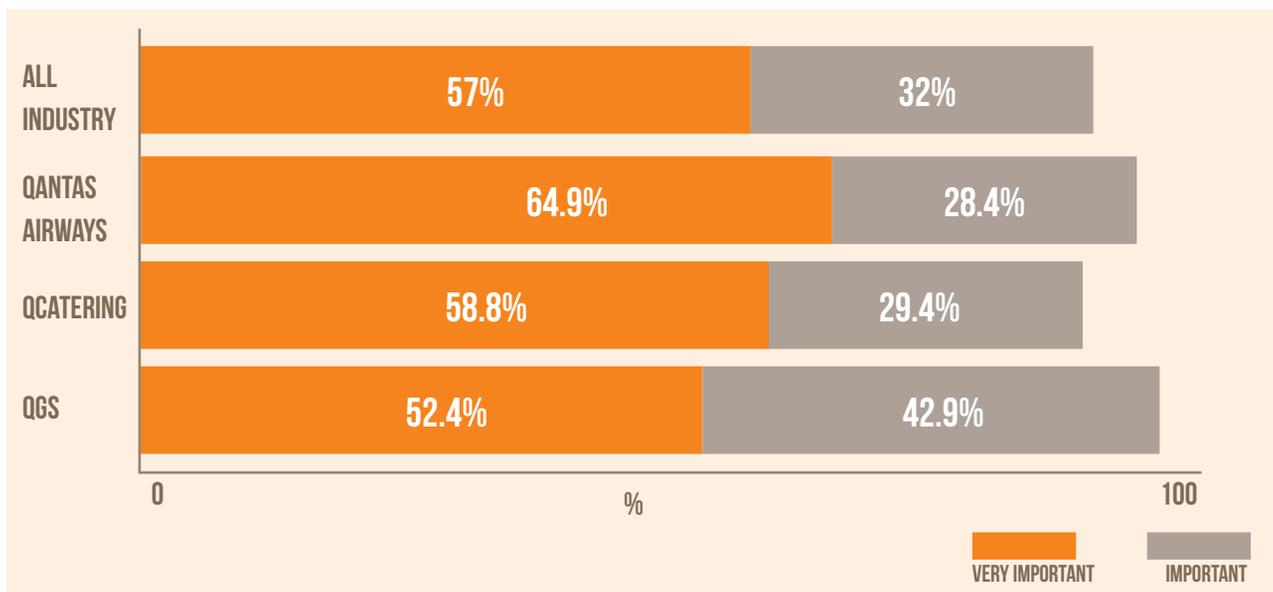
WORKERS DON'T FEEL THEY HAVE POWER TO DETERMINE OVERALL WORKING CONDITIONS:



WHAT EMPLOYEES SAY:

- “ WE’RE OVERWORKED AND HAVE POOR CONDITIONS. ”**
– aircraft cleaner and mother-of-one in Perth.
- “ THEY CHANGE OUR ROSTER WITHOUT ASKING US IF IT’S SUITABLE. ”**
– catering worker and mother-of-one in Sydney.
- “ MANAGEMENT NEEDS TO STOP PRESSURING WORKERS TO DO MORE WITH LESS PEOPLE. ”**
– catering worker and mother-of-two in Sydney.

WORKERS WANT FAIRER WORKPLACE LAWS:



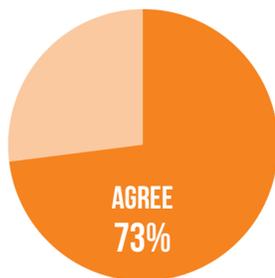
THREATS TO A SAFE, SECURE

The majority of all aviation workers believe that the poor management of airlines is the greatest threat to a safe, secure and sustainable Australian aviation industry.

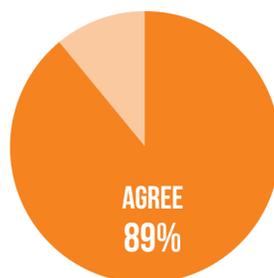
Unfair competition from international airlines

and a lack of government regulation and investment were also regarded as significant threats – a belief more strongly held among Qantas Group respondents. In comparison, terrorist attacks are considered less of a key threat by respondents overall.

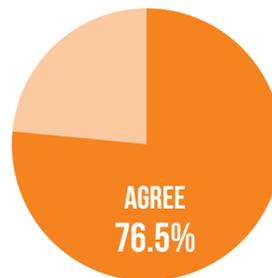
KEY THREAT: POOR MANAGEMENT



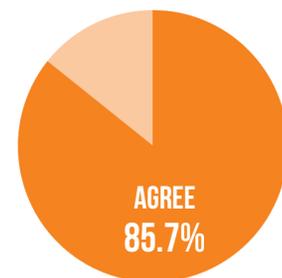
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QANTAS AIRWAYS

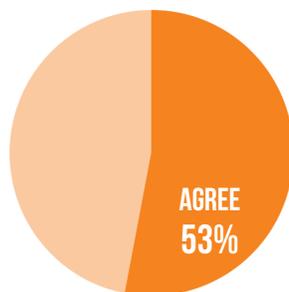


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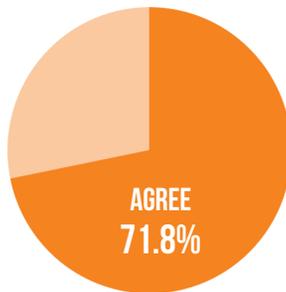


QGS

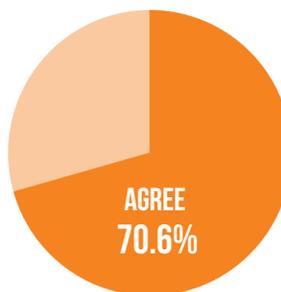
KEY THREAT: UNFAIR COMPETITION FROM INTERNATIONAL AIRLINES



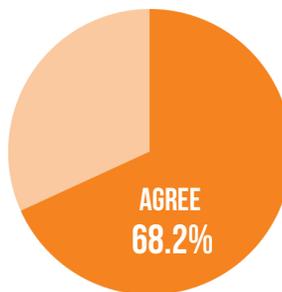
ALL INDUSTRY



QANTAS AIRWAYS



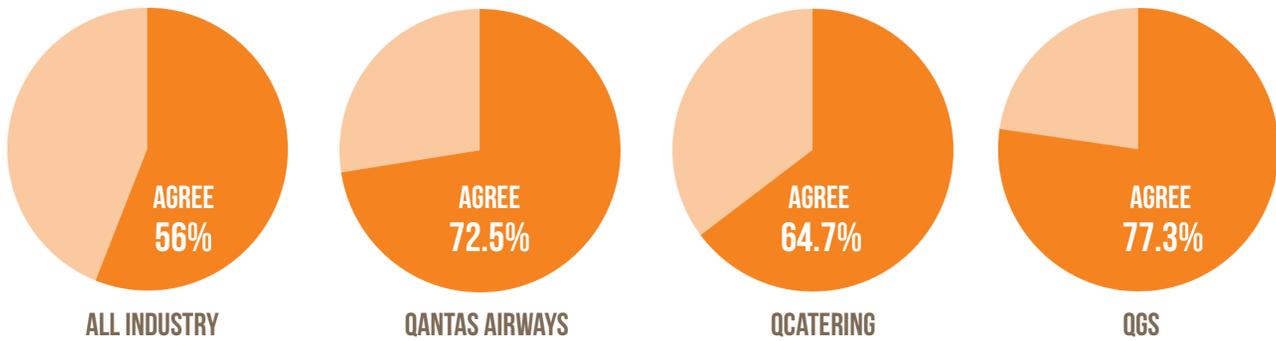
QCATERING



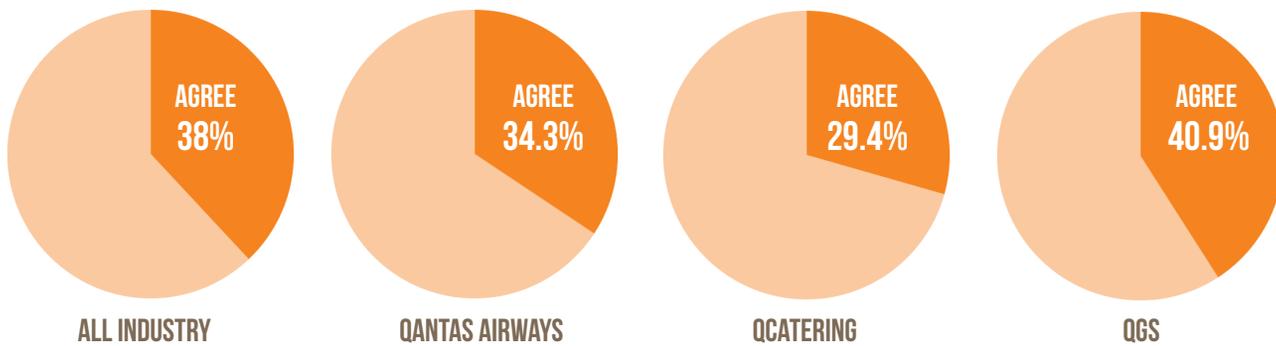
QGS

E AND SUSTAINABLE INDUSTRY

KEY THREAT: LACK OF GOVERNMENT REGULATION & INVESTMENT



KEY THREAT: TERRORIST ATTACKS



AVIATION INDUSTRY SURVEY OVERVIEW

Between July 2014 and July 2015, the Transport Workers Union surveyed air transport workers from around the country. The survey was designed to gather information regarding the conditions of employment in a variety of sectors and companies within the industry. There were a total of 394 individual respondents, and 54.9% were union members.

The majority of respondents were employed in airside occupations as Ramp Agents, Baggage Handlers, and Freight/Cargo Handlers.

Qantas Group (including Qantas Airlines, QCatering and QGS) was the largest employer followed by Virgin, Emirates Group, and ISS Security.







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