



16 February 2018

BY EMAIL: fedsec@alaea.asn.au

WITHOUT PREJUDICE

Steve Purvinas
Federal Secretary – ALAEA
25 Stoney Creek Road
BEXLEY NSW 2207

Dear Mr Purvinas

Jetstar's Responses to the ALAEA's Revised Log of Claims

We refer to our recent conference in the Fair Work Commission (**FWC**) following the ALAEA's application for the FWC to resolve a bargaining dispute (**FWC Application**).

We also refer to your email dated 4 October 2017 that outlined a revised "minimum/no cost" package of claims that the ALAEA sought Jetstar's agreement to (**Revised LOC**).

We note that at the FWC conference the ALAEA moved away from its position that the Revised LOC was a "take it or leave it" package, and requested that Jetstar outline its responses to each of the claims in the Revised LOC. The ALAEA also requested that we then confirm these responses in writing after the FWC conference.

Accordingly, in response to each of the claims in the Revised LOC, we note as follows:

- **18-month wage freeze** – as outlined at each of our previous bargaining meetings, it is Jetstar's position that the proposed enterprise agreement (**EBA**) contains a *genuine* 18-month wage freeze. We will not accept attempts to circumvent the wage freeze, for example by packaging costs elsewhere within the EBA. This is consistent with the approach taken in another Qantas Group wage-freeze EBA that the ALAEA has already agreed to, and consistent with how the wage freeze has been applied to employees across the whole Qantas Group.
- **3% rises for remainder of 3-year agreement** – as outlined, after the completion of an 18-month wage freeze, Jetstar is offering 3% wage increases per annum for the life of the EBA. Jetstar's position is that the EBA should operate for 4 years from approval. It appears from the ALAEA's FWC Application that it is now also open to the EBA being a 4-year agreement.
- **PIP Bonus** – as previously outlined in our negotiations, Jetstar is willing to consider a revised PIP scheme. Our preference would be for a PIP scheme on similar lines to the previous arrangement, however we are also open to considering alternative proposals. In our view, any proposal to remove the PIP scheme and incorporate its value into base

salaries would require consideration of a smaller sum of the existing PIP scheme values being rolled into base salaries because of the flow-on impact of doing this, eg: overtime being calculated on base salary.

- **TIL to increase to 46 hours** – as previously outlined, Jetstar is open to considering an increase to time in lieu, subject to the overall EBA package.
- **Staff Travel Onload and Upgrade Priority same as Qantas Equivalent** – as previously outlined, including in previous bargaining rounds, Staff Travel priorities are subject to wider Qantas Group policy, and we are not able to negotiate on this issue. Any requests to amend Qantas Group policy are better addressed with the Qantas Group.
- **Redundancy Cap same as Qantas** – as previously outlined, we will not accept this claim due to significant cost implications, which at their full potential would cost the business upwards of \$23m (based on current service and earnings).
- **Hotel standards to be specified in the EBA** – as previously outlined, the hotels Jetstar uses for purposes of duty travel are subject to Jetstar’s commercial arrangements and Duty Travel policies that apply to all Jetstar employees. We consider that those policies and arrangements provide more-than-adequate standard hotels. However, as we have previously noted, we are willing to consider a hard-lying allowance, that could apply in exceptional circumstances, subject to the overall EBA package.
- **Overtime Leave Bank** – as previously outlined, we will not accept this claim due to the significant cost implications, in terms of carried leave liability and overtime for covering time-off taken as a result of banked overtime. The experience of other businesses is that this kind of bank has been costly and unproductive. As we have previously noted, however, we remain willing to consider a facilitative clause that would allow individual employees and their direct managers to agree to time-off instead of receiving an overtime penalty, subject to approval/agreement from the manager. An example of what we are willing to consider is set out in Appendix 1.
- **Duty Travel same as Qantas Equivalent** – we understand the issue here to be access to confirmed business-class seats. We note that most Jetstar aircraft do not contain a business-class cabin. In any case, as previously noted, duty travel in Jetstar is subject to Jetstar company policy that applies to all Jetstar employees equally.
- **Recognition of workplace representatives in the EBA and a right to sit on the ECC** – as noted previously, we are open to considering a recognition clause similar to those that apply in other enterprise agreements within Jetstar (and that provide for general recognition and access to paid union-training days). We are also open to considering the option of having an ALAEA employee-delegate be granted a seat on the ECC. An example of what we are willing to consider is set out in Appendix 1.
- **Provision of quiet rooms and workplace amenities in the EBA** – as previously noted, this is not agreed. Jetstar is already subject to WHS/OHS laws and takes its duties in relation to these laws, and providing a safe working environment, very seriously. We also consider that these issues can be properly dealt with via consultation, including at the ECC. For example, we recently consulted with employees and the ALAEA on issues

of fatigue and provision of quiet rooms in Melbourne following the introduction of a permanent night roster. We therefore do not accept this change is required. In regard to the issue of amenities, we understand this claim is in relation to the provision of tea, milk, coffee and meal preparation facilities. These are all already provided at all ports, therefore this change is unnecessary and not agreed.

- **Preference for internal candidates for promotion and training** – these claims are not agreed. As outlined on many previous occasions, Jetstar provides paid training to its employees on an “as needs” basis, according to its operational requirements. Similarly, opportunities for promotion occur on merit, with preference already given to internal candidates under clause 25.5 of the agreement.
- **NEO qualifications to be recognised at the rate of a new half-type payment** – we are open to considering provision of a NEO engine payment, however as has already been discussed, a quantum will still need be determined having regard to issues such as the relative duties that are required to be performed on NEO engines by B1 and B2 LAMEs, and wider relativity issues.
- **B1 and B2 LAMEs to be given equal training opportunities** – as already noted above, Jetstar provides employees with access to paid training opportunities on an “as needs” basis, according to its operational requirements. This claim is therefore not agreed.
- **Job descriptions to be included in the EBA** – from our past bargaining discussions, we understand that the ALAEA were going to provide Jetstar with a proposed revised set of classifications and job descriptions, so that Jetstar could consider the changes being sought. However, subject to considering any such revised proposal our general position is that job descriptions in the EBA are unnecessary.
- **Suite of agreed night shift rosters to be inserted into the EBA** – as previously noted, this claim is not agreed. As you are aware, Jetstar operates in an environment where flight schedules and work patterns are constantly changing, and such a change would be unreasonably restrictive. We consider it appropriate that employees are consulted if a roster change is proposed, for example as took place when a permanent night shift roster was introduced in Melbourne.
- **No financial disadvantage to LAMEs if they lose their CAN** – we do not agree to this claim, and we do not accept the ALAEA’s proposition that Jetstar is able to arbitrarily remove a LAME’s licence approvals. Ultimately, there are competency requirements imposed on Jetstar by CASA, for example maintaining licence currency by completing 6 months’ worth of tool-based work in every 24 months. It is a LAME’s responsibility to maintain this currency, and Jetstar actively supports LAMEs maintaining currency by providing reminders and rostering them on for work on the tools.
- **Meal breaks specified in EBA** – meal breaks are already provided for in the EBA, but we understand that this is a claim for a penalty to apply if an employee is not able to take a meal break within the required time. If this is the case, we are willing to consider this issue further.

- **Remove electronic clocking system** – as previously outlined, we will not agree to this claim. Accepting this claim would be hugely costly, in that Jetstar would need to recruit additional headcount to cover the additional administrative workload.
- **Provide for 52 weeks' accident makeup pay** – as noted previously, given the current average weekly earnings for LAMEs (due to being paid a rolled-up salary and additional licence/type payments, etc.), accepting this claim would be very costly to the business, even at its currently low rates of injury. Therefore, this claim is not accepted.
- **Increase sick leave to 110 hours to recognise 10 ordinary shifts** – this entitlement has been the subject of negotiation, and has been increased in past rounds. Current data suggests that all employees have a healthy personal leave balance (the current average personal leave balance is around
- **Sick leave share bank** – as previously noted, we are open to considering this subject to overall EBA package and ensuring consistency with the *Fair Work Act 2009 (Cth)* (**FW Act**). An example of what we are willing to consider is set out in Appendix 1.
- **All permanent work (excluding projects of 12 months or less) is to be undertaken by Jetstar LAMEs** – this claim is not agreed. Jetstar considers the balance of employees and contract labour to be an operational matter. Further, it is questionable if such a claim would even be a “permitted matter” pursuant to the FW Act. To the extent the claim relates to the terms and conditions (and specifically the pay rates) under which contractors are engaged, Jetstar will not accept any claim of this kind.

We are available to meet with the ALAEA for a further bargaining meeting to discuss the above on 27 February 2018, or the 5 or 9 March 2018.

As flagged at the FWC, Jetstar intends to provide a copy of this letter to all other nominated bargaining representatives, given that this letter arises in the context of a bargaining dispute related to the current bargaining round which they are part of.

Yours sincerely



Maciek Zielinski
Employee Relations Advisor
Jetstar Airways

cc: Brad Stewart, ALAEA

APPENDIX 1: WITHOUT PREJUDICE JETSTAR PROPOSALS

Time in Lieu of Overtime – potential new clause 24.4.7

If an employee works approved overtime, instead of receiving a loading pursuant to clause 24.4.4 or clause 24.4.5, an employee may request to take an equivalent amount of time as paid leave, subject to agreement and approval from their Line Manager. For the avoidance of doubt, the taking of this leave is subject to the Company's operational requirements and approval, and any untaken leave will be cashed out on 31 December each year.

Sick Leave Pool – potential new clause 29.4.10

XX. [...]

- (a) In addition to personal leave entitlement specified in clause XX one ordinary day of personal leave per engineer will be placed in a pool on 1 January each year.
- (b) An engineer may apply to be granted payment from the sick leave pool, where the engineer has been diagnosed with a significant medical condition (e.g.: a terminal illness or injury), which requires 6 or more months off from work and where they have exhausted or will exhaust their available paid leave entitlements in that time.
- (c) An engineer may access up to a maximum of XX ordinary days from the sick leave pool for any single occurrence.

NB: this proposal is conditional on all engineers accepting 7.6 hours less annual personal leave accrual, such that their personal leave accrual will be 83.6 hours per annum.

ECC seat for ALAEA delegate – potential amended clause 18.2.2

While the composition of the ECC may vary over time with the size, structure and needs of the business, it will comprise of:

[...]

- (c) An ALAEA-appointed employee delegate; and
- (d) Any other person as agreed by the ECC.

Recognition of ALAEA – Side Letter

Jetstar recognises the ALAEA as being the union that represents the industrial interests of ALAEA members who are covered by the Agreement. Jetstar will recognise delegates who are elected or appointed by the ALAEA.

An employee appointed or elected as a delegate will, upon accreditation by the ALAEA and notification in writing to Jetstar, be granted up to 5 days paid leave per year, non-cumulative, to attend delegate training courses that are conducted by the ALAEA or an agreed training organisation. The training courses will cover dispute resolution training or other topics related to the furtherance of good industrial relations.

The union delegate or ALAEA shall give Jetstar at least 6 weeks' written notice of the intention to attend such training courses, and the amount of leave to be taken. Jetstar may agree to accept a shorter period of notice. Written notice provided to Jetstar shall include details of the type, content and duration of the training course to be attended. Upon request, the training course curriculum will be provided to Jetstar.

Jetstar may refuse any applications for paid delegate training leave on operational grounds, provided that Jetstar will not unreasonably withhold agreement for a union delegate to take such leave.