

## Tim Linley

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**From:** Tim Linley  
**Sent:** Tuesday, 18 August 2020 6:04 PM  
**To:** 'DCLO Admin'  
**Subject:** RE: BLUE SHEET - TREASURY - TF/20/19155 - LETTER - Alan Joyce - outlining financial support for domestic aviation and border harmonisation for the Qantas Group

**From:** DCLO Admin <dcloadmin@premiers.qld.gov.au>  
**Sent:** Tuesday, 18 August 2020 10:10 AM  
**To:** Tim Linley <Tim.Linley@ministerial.qld.gov.au>  
**Cc:** DCLO Admin <dcloadmin@premiers.qld.gov.au>  
**Subject:** BLUE SHEET - TREASURY - TF/20/19155 - LETTER - Alan Joyce - outlining financial support for domestic aviation and border harmonisation for the Qantas Group

Please find attached incoming correspondence for assessment by the Premier's Office. Can the below Instruction fields be completed by the Premier's Advisor and returned to [dcloadmin@premiers.qld.gov.au](mailto:dcloadmin@premiers.qld.gov.au) by email.

<b>Tracking File: TF/20/19155</b>	
<b>Portfolio: TREASURY</b>	
<b>URGENT (Y/N)</b>	
<b>What action do you require?</b> brief, standard, phone contact, NFA, Referral letter (for Principal Advisor signature), DPC draft letter, Message of Support, Quick Email Response	DPC draft letter
<b>Who will sign any letter?</b> (Premier, CoS, DCoS, Principal Advisor or other person)	Premier
<b>Further instructions for department:</b>	

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**Subject:** BLUE SHEET - TREASURY - TF/20/19155 - LETTER - Alan Joyce - outlining financial support for domestic aviation and border harmonisation for the Qantas Group  
**Attachments:** FW: Letter from Alan Joyce; FW: Letter from Alan Joyce

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## Tim Linley

---

**From:** DCLO Admin <dcloadmin@premiers.qld.gov.au>  
**Sent:** Monday, 17 August 2020 5:18 PM  
**To:** The Premier  
**Cc:** DCLO Admin  
**Subject:** FW: Letter from Alan Joyce  
**Attachments:** Letter - QLD Premier (17Aug2020).pdf

Good afternoon

Please see email request below to register and progress the attached correspondence from Alan Joyce.

Kind regards



**Queensland**  
Government

**Leonie McGorry**

Customer Liaison Officer  
Departmental and Customer Liaison Office  
**Office of the Director-General**  
Department of the Premier and Cabinet

P 07 3003 9446 M [REDACTED] E [leonie.mcgorry@premiers.qld.gov.au](mailto:leonie.mcgorry@premiers.qld.gov.au)  
Level 40, 1 William Street, Brisbane QLD 4000 PO Box 15185, City East, QLD 4002

Please consider the environment before printing this email.

**From:** Premier <[premier@ministerial.qld.gov.au](mailto:premier@ministerial.qld.gov.au)>  
**Sent:** Monday, 17 August 2020 5:03 PM  
**To:** DCLO Admin <dcloadmin@premiers.qld.gov.au>  
**Subject:** FW: Letter from Alan Joyce

Good afternoon

Please register this correspondence.

Regards



**Queensland**  
Government

**Kay Swanston**

Executive Assistant to the Chief of Staff  
**Office of the Hon. Anastacia Palaszczuk MP**  
Premier of Queensland and Minister for Trade

P [REDACTED]  
1 William Street Brisbane QLD 4000  
PO Box 15185 City East QLD 4002

**From:** [REDACTED] <[REDACTED]@qantas.com.au>  
**Sent:** Monday, 17 August 2020 4:54 PM  
**To:** Premier <[premier@ministerial.qld.gov.au](mailto:premier@ministerial.qld.gov.au)>; Jim Murphy <[Jim.Murphy@ministerial.qld.gov.au](mailto:Jim.Murphy@ministerial.qld.gov.au)>

Cc: Shane Doherty <Shane.Doherty@ministerial.qld.gov.au>; Treasurer <treasurer@ministerial.qld.gov.au>; Dr Michael Riordan <Michael.Riordan@ministerial.qld.gov.au>

Subject: Letter from Alan Joyce

Dear Premier

Please find attached a letter from Qantas Group CEO Alan Joyce.

Regards

[Redacted]

[Redacted]  
Manager, Government and Public Affairs

Government, Industry, International and Sustainability  
Qantas Airways Limited  
10 Bourke Road, Mascot NSW 2020

M. [Redacted]  
E. [Redacted]@qantas.com.au

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Please consider the environment before printing this email.

Managing Director  
and Chief Executive Officer  
Alan Joyce AC



17 August 2020

The Hon Anastacia Palaszczuk MP  
Premier  
1 William Street  
BRISBANE QLD 4002

Via email only: [premier@ministerial.qld.gov.au](mailto:premier@ministerial.qld.gov.au) / [shane.doherty@ministerial.qld.gov.au](mailto:shane.doherty@ministerial.qld.gov.au)

**COMMERCIAL-IN-CONFIDENCE**

Dear Premier,

**RE: FINANCIAL SUPPORT FOR DOMESTIC AVIATION AND BORDER HARMONISATION**

Thank you for the support the Queensland Government has provided the Qantas Group to date to assist with the ongoing operational and financial impact of COVID-19.

The Qantas Group has been making every effort to stand up critical capacity to support Australia's connectivity and the economy. In June we announced our three-year plan to accelerate our recovery and return to growth in a changed market. The immediate focus of our plan was on gradually increasing our domestic flying. We had planned to have 45 per cent of our domestic capacity up and running this month and up to 90 per cent by the end of this year. However, the second wave in Victoria and the rapidly changing border restrictions have dramatically reduced our capacity and slowed our recovery. As a result, Qantas Group domestic capacity is currently operating at 20 per cent of pre-COVID levels and is likely to stay there until border restrictions are eased.

It is clear that the aviation industry continues to be one of the hardest hit by the crisis and I cannot stress enough the seriousness of the situation in which the whole industry, Qantas Group included, finds itself. We have made the necessary decisions in response by reducing our workforce by 6,000 people, standing down 15,000 people for nearly a year, grounding 220 aircraft and radically changing everything we do to ensure that we can emerge from this crisis. Despite this, current conditions and government restrictions, mean we are burning cash at a rate of approximately \$50 million per week.

In this context, the Qantas Group seeks tailored support for the industry from the Queensland Government. Our request falls into three categories:



1. Forward payment of Queensland Government travel;
2. Temporary reduction of self-insurance bank guarantee requirements, regulated by the Office of Industrial Relations; and
3. National harmonisation of border restrictions and quarantine arrangements.

These proposals will assist airlines to maintain critical cash flow and allow the industry to move forward on its plan for recovery – while providing much needed clarity and consistency regarding border restrictions and requirements.

#### **Forward payment of Queensland Government travel**

In order to provide funds across the aviation supply chain quickly, we seek your consideration of an early payment of domestic and international travel for all Australian-based airlines, effective from 1 November 2020. This would bring forward already planned payments for travel that will be utilised by Government.

The forward payment would be based on 50 per cent of FY19 domestic and international flying activity for all Australian airlines. For the Qantas Group, this would involve a forward payment of approximately [REDACTED], which can be claimed and redeemed by the Queensland Government.

We have also made a similar prepayment request of the Federal and other State and Territory governments in respect to their travel.

#### **Temporarily reduce self-insurance bank guarantee requirements**

To assist the Qantas Group secure liquidity and funding, we seek assistance from the Queensland Government to temporarily remove the 50 per cent premium applied to determine bank guarantee values that must be provided as part of self-insurance arrangements, and regulated by the Office of Industrial Relations. Removal of the 50 per cent premium will help free up bank funding lines by reducing the Qantas Group's need to source bank guarantees.

Separately, I have written to the Office of Industrial Relations regarding this proposal.

#### **Border harmonisation**

The Qantas Group acknowledges that border restrictions and protocols form part of the Queensland Government's broader public health response to COVID-19. However, in the absence of a clear framework on the threshold of health triggers to either impose greater restrictions or scale back border controls across the various States and Territories, it remains increasingly complex to manage the restart of our domestic operations. The differences in State-based requirements, exemptions and entry pass systems have also made it difficult to manage the Qantas Group's delivery of essential services across our network.

As a solution, the Qantas Group requests that the State and Territory Governments work with the Commonwealth to develop a national framework to harmonise the opening and closing of State borders, like the approach taken for the National Cabinet's COVIDSafe Framework, with:

- Defined performance triggers up or down depending on the severity of the outbreak;
- A uniform spectrum of border settings and protocols (for States with an outbreak or hotspot and other States to reactively implement); and
- Consistent application of measures for airlines and their customers, including the implementation of borders at airports.

We also ask that there be greater alignment between the States and Territories through the National Cabinet process to create a single user experience for border pass applications, quarantine requirements and exemptions for essential workers and travellers.

In order to assist with these measures and simplify the current processes for managing air crew across jurisdictions, Airlines for Australia and New Zealand (A4ANZ) have developed a *National Protocol for Border Controls for Domestic Flying* and I attach this for your reference.

On behalf of the Qantas Group, thank you again for your assistance to date and I look forward to your consideration of these matters at a critical time for our industry.

Yours sincerely



ALAN JOYCE AC

cc The Hon Cameron Dick MP, Treasurer

Released under RTI - DPC

## Tim Linley

---

**From:** Kay Swanston <Kay.Swanston@ministerial.qld.gov.au>  
**Sent:** Tuesday, 18 August 2020 8:56 AM  
**To:** DCLO Admin  
**Subject:** FW: Letter from Alan Joyce  
**Attachments:** Letter - QLD Premier (17Aug2020).pdf; A4ANZ Border alignment summary.pdf

Good morning

Please see attachment to be added to letter registered yesterday.

Regards



### Kay Swanston

Executive Assistant to the Chief of Staff  
**Office of the Hon. Anastacia Palaszczuk MP**  
Premier of Queensland and Minister for Trade

P 07 3719 7015  
1 William Street Brisbane QLD 4000  
PO Box 15185 City East QLD 4002

**From:** [REDACTED]@qantas.com.au  
**Sent:** Monday, 17 August 2020 9:12 PM  
**To:** Jim Murphy <Jim.Murphy@ministerial.qld.gov.au>; Shane Doherty <Shane.Doherty@ministerial.qld.gov.au>; Dr Michael Riordan <Michael.Riordan@ministerial.qld.gov.au>  
**Subject:** FW: Letter from Alan Joyce

Hi Jim, Shane, Michael

Now with accompanying attachment which fell off earlier email.

Regards

**From:** [REDACTED]  
**Sent:** Monday, 17 August 2020 4:54 PM  
**To:** [premier@ministerial.qld.gov.au](mailto:premier@ministerial.qld.gov.au); [jim.murphy@ministerial.qld.gov.au](mailto:jim.murphy@ministerial.qld.gov.au)  
**Cc:** Shane Doherty <[Shane.Doherty@ministerial.qld.gov.au](mailto:Shane.Doherty@ministerial.qld.gov.au)>; [treasurer@ministerial.qld.gov.au](mailto:treasurer@ministerial.qld.gov.au); [michael.riordan@ministerial.qld.gov.au](mailto:michael.riordan@ministerial.qld.gov.au)  
**Subject:** Letter from Alan Joyce

Dear Premier

Please find attached a letter from Qantas Group CEO Alan Joyce.

Regards



Manager, Government and Public Affairs

Government, Industry, International and Sustainability  
Qantas Airways Limited  
10 Bourke Road, Mascot NSW 2020

M. [REDACTED]  
E. [REDACTED]@qantas.com.au

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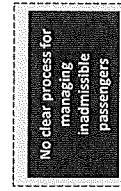
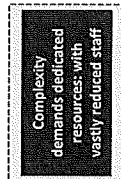
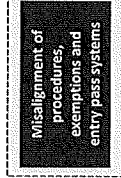
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# A FRAMEWORK FOR COVIDSAFE AIR TRAVEL IN AUSTRALIA: NATIONALLY-CONSISTENT GUIDANCE AND BORDER CONTROLS



## A Objectives:

Ensuring the adoption of consistent risk mitigation measures and border controls across all states & territories. Addressing the impacts of the current lack of uniformity (as shown).



## B National Cabinet-endorsed thresholds:

Agreed triggers of community transmission and/or other thresholds to guide the movement of controls up or down (e.g. prevalence example opposite).

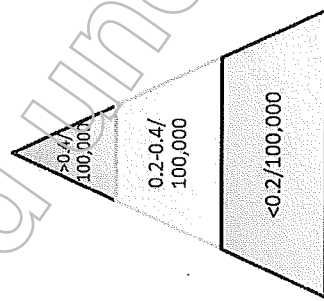
A uniform set of border controls that can be reactively implemented by states & territories in response to outbreaks/change in conditions.

Build into the National Cabinet's COVIDSAFE Framework to provide certainty.

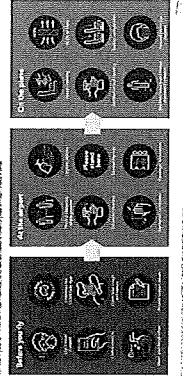
## C Effective industry consultation and input:

To allow for rapid input prior to implementation, make clear the roles and responsibilities of all those involved in the journey, and ensure operational compliance.

Industry engagement also enables building on the existing COVID-Safe Domestic Passenger Journey Protocol (shown), and incorporating evidence-informed, best-practice international guidance in relation to the safe management of crew across borders.

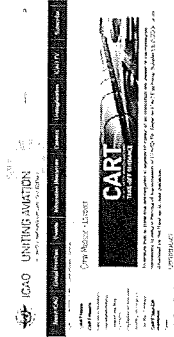


COVID-SAFE AIR TRAVEL



## D Single user experience:

The creation of a uniform approach to border movements would allow for a single user experience for border pass applications, quarantine requirements, and essential worker/ traveller exemptions



## E Clear, consistent guidance on roles and responsibilities:

Just as guidance exists for the management of passengers and crew for international flights, what is needed to streamline movement across Australia's internal borders is greater clarity on roles and responsibilities. For example, who issues directives in different jurisdictions (e.g. health officials, police) and how this is communicated to airlines and airports.

Such clarity is also essential for the management of crew or passengers with mandatory quarantine requirements and for dealing with inadmissible passengers.

This recognises that, while the risk of in-flight transmission remains extremely low with the existing mitigation measures already in place, any movement of people across the country needs to be risk-managed to ensure the safety of both the workforce and the community.

The framework would remove variability, ensuring that harmonious risk mitigation measures are adopted by all jurisdictions, in accordance with health advice, international evidence, and best practice guidelines (such as those from the International Civil Aviation Organization (ICAO, shown)).

**Shane Doherty**

---

**From:** [REDACTED]@qantas.com.au>  
**Sent:** Monday, 17 August 2020 4:54 PM  
**To:** Premier; Jim Murphy  
**Cc:** Shane Doherty; Treasurer; Dr Michael Riordan  
**Subject:** Letter from Alan Joyce  
**Attachments:** Letter - QLD Premier (17Aug2020).pdf

Dear Premier

Please find attached a letter from Qantas Group CEO Alan Joyce.

Regards

[REDACTED]

[REDACTED]

Manager, Government and Public Affairs

Government, Industry, International and Sustainability  
Qantas Airways Limited  
10 Bourke Road, Mascot NSW 2020

M. [REDACTED]  
E. [REDACTED]@qantas.com.au

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Managing Director  
and Chief Executive Officer  
Alan Joyce AC



17 August 2020

The Hon Anastacia Palaszczuk MP  
Premier  
1 William Street  
BRISBANE QLD 4002

Via email only: [premier@ministerial.qld.gov.au](mailto:premier@ministerial.qld.gov.au) / [shane.doherty@ministerial.qld.gov.au](mailto:shane.doherty@ministerial.qld.gov.au)

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On behalf of the Qantas Group, thank you again for your assistance to date and I look forward to your consideration of these matters at a critical time for our industry.

Yours sincerely



**ALAN JOYCE AC**

cc The Hon Cameron Dick MP, Treasurer

Released under RTI/DPS

**Shane Doherty**

---

**From:** [REDACTED]@qantas.com.au>  
**Sent:** Thursday, 20 August 2020 9:11 AM  
**To:** Shane Doherty  
**Subject:** Qantas FY20 Results  
**Attachments:** FY20 Results and Media Release.pdf

Hi Shane

Qantas FY20 Results and Media Release attached.

Let me know if any questions.

Regards

[REDACTED]

[REDACTED]  
Manager, Government and Public Affairs

Government, Industry, International and Sustainability  
Qantas Airways Limited  
10 Bourke Road, Mascot NSW 2020

M. [REDACTED]  
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20 August 2020

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Australian Securities Exchange Limited

**Lodged electronically via ASX Online**

**Qantas Group FY20 Results ASX and Media Release**

Qantas Airways Limited attaches the Qantas Group FY20 Results ASX and Media Release.

Yours faithfully,



Andrew Finch  
**Group General Counsel and Company Secretary**

Authorised for release by Qantas' Board of Directors.



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## ASX/Media Release

### **QANTAS GROUP FY20 FINANCIAL RESULTS – NAVIGATING EXCEPTIONAL CONDITIONS**

- Underlying Profit Before Tax: \$124 million (down 91%)
- Statutory Loss Before Tax: \$2.7 billion (majority of which is non-cash, including aircraft write downs)
- \$4 billion revenue impact from COVID crisis in 2H20
- Operating cash flow: \$1.1 billion
- Liquidity of \$4.5 billion providing considerable buffer to manage uncertainty
- Significant progress on initial steps of three-year recovery plan

**Sydney, 20 August 2020:** In what has been the most challenging period in its long history, the Qantas Group reported a \$124 million Underlying Profit Before Tax for the 12 months ended 30 June 2020, down 91 per cent on the prior year.

This reflects a strong first half of the year (\$771 million Underlying Profit Before Tax) followed by a near total collapse in travel demand and a \$4 billion drop in revenue in the second half<sup>1</sup> due to the COVID-19 crisis and associated border restrictions.

Fast action to radically cut costs and place much of the flying business into a form of hibernation helped minimise the financial impact from this extraordinary sequence of events. From April to end of June, Group revenue fell 82 per cent while cash costs were reduced by 75 per cent, helping to limit the drop in Underlying Profit Before Tax in 2H20 to \$1.2 billion<sup>2</sup>.

At the statutory level, the Group reported a \$2.7 billion Loss Before Tax — due mostly to a \$1.4 billion non-cash write down of assets including the A380 fleet and \$642 million in one-off redundancy and other costs as part of restructuring the business for recovery.

Despite significant uncertainty across most markets, the Group remains well positioned to take advantage of the eventual return of domestic and, ultimately, international travel demand. In the meantime, Qantas Freight and Qantas Loyalty continue to generate significant cashflow and charter operations for the resources sector are performing strongly.

<sup>1</sup> Compared to 2H19.

<sup>2</sup> Compared to 2H19.



## CEO COMMENTARY

Qantas Group CEO Alan Joyce said the second half of FY20 was the toughest set of conditions the national carrier had faced in its 100 years – but that it had the resilience to deal with them.

“The impact of COVID on all airlines is clear. It’s devastating and it will be a question of survival for many. What makes Qantas different is that we entered this crisis with a strong balance sheet and we moved fast to put ourselves in a good position to wait for the recovery.

“We’ve had to make some very tough decisions in the past few months to guarantee our future. At least 6,000 of our people will leave the business through no fault of their own, and thousands more will be stood down for a long time.

“Recovery will take time and it will be choppy. We’ve already had setbacks with borders opening and then closing again. But we know that travel is at the top of people’s wish lists and that demand will return as soon as restrictions lift. That means we can get more of our people back to work.

“COVID is reshaping the competitive landscape and that presents a mix of challenges and opportunities for us. Most airlines will come through this crisis a lot leaner, which means we have to reinvent how we run parts of our business to succeed in a changed market.”

Mr Joyce said the FY20 result showed how the COVID crisis had derailed what would have been a strong financial performance.

“We were on track for another profit above \$1 billion when this crisis struck. The fact that we still delivered a full year underlying profit shows how quickly we adjusted when revenue collapsed.

“Qantas Loyalty’s profit was down less than 10 per cent and member satisfaction increased in the fourth quarter, which shows the strength of that business. Qantas Freight has been a major beneficiary of the shift to people shopping online and our charter flying for resources companies is strong.

“COVID will continue to have a huge impact on our business and we’re expecting a significant underlying loss in FY21.

“Looking further ahead, we’re in a good position to ride out this storm and make the most of the recovery. Our market position is set to strengthen as the only Australian airline with a full service and low fares domestic offering as well as long haul international services,” added Mr Joyce.

## GROUP DOMESTIC

A very strong performance by Group Domestic in the first half more than offset the 50 per cent drop in revenue in the second half caused by COVID-related restrictions.

Qantas Domestic achieved EBIT of \$173 million while Jetstar’s domestic flying achieved EBIT of \$112 million, including absorbing a \$33 million impact of industrial action over the peak summer period.



Both Qantas and Jetstar demonstrated high levels of adaptability in responding to cascading domestic border restrictions – cutting costs and maximising limited revenue opportunities. This included launching new Qantas routes such as Sydney to Ballina and Orange, and redeploying A320s to meet resources sector demand in Western Australia.

A three-day Jetstar sale in June saw some 150,000 fares sold, reaching a record rate of 220 bookings per minute – demonstrating the latent demand for travel when borders do re-open.

As a result of the Group's main domestic competitor significantly reducing its fleet and closing its low-cost carrier, the Group expects its market share to naturally grow from around 60 per cent to up to 70 per cent as the market recovers.

## GROUP INTERNATIONAL

Qantas International made a \$56 million profit for the year, driven largely by a record performance by Qantas Freight and a huge increase in e-commerce.

The Group's regular scheduled international flights effectively ceased in April, replaced by over 100 services operated by Qantas on behalf of the Federal Government to cities including Hong Kong, London, Los Angeles, Lima, Buenos Aires and Mumbai.

Jetstar's international businesses moved into losses driven by border closures. Domestic flying in New Zealand was planning a return to near-full capacity by end-August but remains flexible given changing restrictions.

Jetstar Asia in Singapore is reducing its fleet and workforce by more than 25 per cent. Jetstar Japan was impacted by local lockdowns but resumed all domestic routes in July and is planning to operate 75 per cent of pre-COVID capacity in August.

In June, the Group announced its plans to exit Jetstar Pacific in Vietnam, of which it is a 30 per cent shareholder.

## QANTAS LOYALTY

Qantas Loyalty achieved an underlying EBIT of \$341 million – the largest single positive contribution to the Group's FY20 profit and only 9 per cent lower than its result last year. The main reasons for this decline were lower earnings from travel-related products and a softening in consumer spending on credit cards.

Total Frequent Flyer membership increased by 4 per cent and membership of the Qantas Business Rewards program (aimed at small enterprises) increased by 20 per cent.

Despite limited opportunities to redeem points for travel, Frequent Flyer member satisfaction set a quarterly record in Q4. This is supported by engagement initiatives including automatic extension of tier status for 12 months; more opportunities to earn points on the ground, including with BP fuel (with more than 500,000 signing up for this part of the program) and Afterpay (with 55,000 members signing up to earn in the first four weeks); and a significant increase in reward seats on domestic flights.

Other new businesses, including retail, health insurance and car insurance, continued to diversify Loyalty's earnings.



## GOVERNMENT SUPPORT

The Group acknowledges the significant industry assistance provided by the Federal Government in response to COVID, reflecting the importance of aviation to the broader economy.

As one of the most heavily impacted companies, the Qantas Group collected \$267 million in JobKeeper payments, the majority of which was paid directly to employees on stand down and the rest used to subsidise wages of those still working.

Qantas and Jetstar operated a series of domestic, regional and international flights on behalf of the Federal Government, as well as some freight services, to maintain critical links that had been made commercially unviable by travel restrictions. These flights were operated on a fee-for-service basis, with fare revenue offsetting the cost to the taxpayer.

To 30 June 2020, the total gross benefit of Government support was \$515 million and the net benefit (after costs for flights operated) was \$15 million.

The nature of ongoing industry assistance means the level of support received in FY21 will depend on the amount of flying activity.

## SUPPORTING OUR CUSTOMERS

A number of customer initiatives were introduced during the year, including:

- Launched the Fly Well program with range of measures (including masks, hand sanitising stations, changes to inflight service) to ensure a safe travel environment and give extra peace of mind.
- Offered customers with new bookings the option to move flights with no change or cancellation fees.
- Significantly increased flexibility for travel credits as well as providing refunds.

## SUPPORTING OUR PEOPLE

In recognition of the significant impact of the COVID crisis on its people, the Group has put a variety of support mechanisms in place, including:

- Working with other companies to connect people on stand down with secondary employment opportunities.
- Offering a suite of support mechanisms, including financial counselling and psychological support.
- Running weekly virtual town hall meetings to give updates and answer live questions.
- Offering voluntary (rather than compulsory) redundancy wherever possible and providing large severance payouts for long-serving employees in particular.



## FINANCIAL FRAMEWORK

The Group's available liquidity was \$4.5 billion at 30 June 2020, including \$1 billion of undrawn facilities.

The Group successfully raised more than \$1.4 billion through a fully underwritten institutional placement and retail Share Purchase Plan.

As at 30 June 2020, net debt was \$4.7 billion and remains at the lower end of the target range. The Group has no major debt maturities until June 2021 and no financial covenants on debt.

Planned net capital expenditure was reduced by \$400 million in the second half for a total of \$1.6 billion for FY20. Significant further reductions are forecast in FY21 with the deferral of 787-9 and A321neo deliveries to meet the Group's requirements.

## FUEL HEDGING

The Group's fuel consumption was fully hedged for the second half of FY20 and 90 per cent hedged for the first half of FY21 with significant participation to falling prices. Given the significant decline in flying activity from April 2020 and the anticipated decline in fuel consumption in FY21, the Group has recognised \$571 million of de-designated hedge losses in the FY20 statutory result.

## UPDATE ON RECOVERY PLAN

Implementation of the three-year recovery plan, announced in June 2020, is well underway. The plan will create a stronger platform for future profitability, long-term shareholder value and preserve as many jobs as possible.

Several key parts of the plan are complete or in progress, including:

- Around 4,000 of at least 6,000 redundancies expected to be finalised by end-September 2020, with continued union consultation.
- Ongoing stand down of around 20,000 employees, enabling retention of core skills until work returns.
- Early retirement of the Boeing 747 fleet and more than 100 aircraft now in storage (in a state that significantly reduces the need for ongoing maintenance).
- Raised \$1.4 billion in equity in addition to the \$1.75 billion of long term debt funding secured during the second half of FY20.

The plan targets \$15 billion in benefits over three years from reduced activity, with \$1 billion per annum in ongoing cost savings from FY23 through efficiency gains across the Group.

Recent developments in Victoria and the reimposition of some border restrictions in other parts of Australia are not expected to have a material impact on the delivery of the three-year plan.



## OUTLOOK

The Group's recovery plan allows for a high level of flexibility given uncertainty on border restrictions and travel demand, while also acknowledging the critical nature of air transport to the Australian economy. Key assumptions and indicators at this stage include:

### Group Domestic

- Given current border restrictions, 20 per cent of pre-COVID Group Domestic capacity is scheduled for August.
- Recent sales activity shows high levels of latent travel demand when restrictions are eased.

### Group International

- International network unlikely to restart before July 2021; possibly earlier for Trans Tasman.

### Loyalty

- Expected to continue strong cash flow contribution in FY21.
- Recovery in domestic travel an opportunity to increase reward seats and maintain member engagement.
- Actively growing opportunity to earn points on the ground, but this is linked to broader consumer confidence levels.

### Qantas Freight

- Domestic demand expected to remain strong due to growth in e-commerce.
- Strong international freight demand expected to continue but not at peak levels seen in 4Q20.

**Media Enquiries: Qantas Media +61 418 210 005 [qantasmedia@qantas.com.au](mailto:qantasmedia@qantas.com.au)**



## Angela Holden

---

**From:** Premier  
**Sent:** Tuesday, 10 March 2020 3:12 PM  
**To:** 'the.premier@premiers.qld.gov.au'  
**Subject:** FW: Qantas update on coronavirus response

**From:** Qantas Group Public Affairs <government@qantas.com.au>  
**Sent:** Tuesday, 10 March 2020 2:56 PM  
**To:** Premier <premier@ministerial.qld.gov.au>  
**Subject:** Qantas update on coronavirus response

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## PRIME MINISTER THANKS QANTAS AND GOVERNMENT TEAM FOR BRINGING AUSTRALIANS HOME

On Monday, the Prime Minister the Hon Scott Morrison MP and Deputy Prime Minister the Hon Michael McCormack MP joined Qantas Group Chairman Richard Goyder and CEO



Alan Joyce at an event to thank more than 150 Qantas and government staff who were involved in the three Wuhan and Diamond Princess evacuation flights.

The event, hosted at Qantas' Mascot headquarters, honoured the extraordinary efforts of the Qantas employees and government staff involved, and acknowledged the remarkable comradery between all parties in overcoming significant logistical challenges to bring more than 680 Australians home.

To commemorate the occasion, Qantas announced a new staff award called the *Spirit of Australia Award*, which was presented to 91 Qantas employees for embodying Qantas' company values in an exceptional way as a result of their involvement in the missions.

[Read more](#)

## QANTAS GROUP UPDATE ON CORONAVIRUS RESPONSE

The Qantas Group has announced further reductions to its international flying, reducing capacity by almost a quarter for the next six months.

The latest changes follow the spread of the Coronavirus into Europe and North America over the past fortnight, as well as its continued spread through Asia, which has resulted in a sudden and significant drop in forward travel demand.

These additional changes will bring the total international capacity reduction for Qantas and Jetstar from 5 per cent to 23 per cent versus the same time last year and extend those reductions until mid-September 2020.

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## Angela Holden

---

**From:** Premier  
**Sent:** Thursday, 19 March 2020 8:49 AM  
**To:** 'the.premier@premiers.qld.gov.au'  
**Subject:** FW: Letter from Qantas Alan Joyce  
**Attachments:** 2020.03.19 Letter from Alan Joyce to Premier Palaszczuk.pdf; 2020.03.19 Qantas Media Release - COVID Impact .pdf

**From:** [REDACTED]@qantas.com.au  
**Sent:** Thursday, 19 March 2020 8:06 AM  
**To:** Premier <premier@ministerial.qld.gov.au>  
**Cc:** Shane Doherty <Shane.Doherty@ministerial.qld.gov.au>; Dr Michael Riordan <Michael.Riordan@ministerial.qld.gov.au>; Matthew Jutsum <Matthew.Jutsum@ministerial.qld.gov.au>  
**Subject:** Letter from Qantas Alan Joyce

Dear Premier

Further to my conversations with Shane (copied), please find attached a letter from Qantas Group CEO Alan Joyce.

Regards

[REDACTED]  
[REDACTED]  
Manager, Government and Public Affairs

Government, Industry, International and Sustainability  
Qantas Airways Limited  
10 Bourke Road, Mascot NSW 2020

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Managing Director  
and Chief Executive Officer  
Alan Joyce AC



19 March 2020

The Hon Anastacia Palaszczuk MP  
Premier  
1 William Street  
BRISBANE QLD 3000

Dear Premier,

**RE: IMPACT OF CORONAVIRUS ON OUR EMPLOYEES**

In an effort to avoid large scale job losses, Qantas and Jetstar is today standing down the majority of our 30,000 employees until at least the end of May.

As you know, efforts by government to contain the spread of COVID-19 has led to a significant drop in travel demand – the likes of which we have never seen before. This is having a devastating impact on all airlines.

While Qantas is indeed in a strong financial position, we still have an annual wages bill of \$4.3 billion yet no work for the majority of our workforce as approximately 150 aircraft being grounded. Rather than lose our highly skilled people – who we'll need in the near future when this crisis passes – they will be stood down or provided with temporary job opportunities.

Employees will be able to draw down on paid leave and there will be support mechanisms including allowing people to take up to one month's leave in advance of earning it, leave at half pay and early access to long service leave.

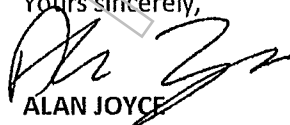
The Board of Directors, along with Senior Executives, has increased their salary reductions from 30 per cent to 100 per cent until at least the end of this financial year – joining the Chairman and myself.

No airlines in the world are immune to this, with the world's leading carriers all introducing deep cuts to flying schedules and extreme measures to ride this out.

While this is an incredibly difficult time for us, we will continue to work constructively with your government to ensure Australians can get home, as well as maintaining essential connectivity to and from Queensland.

This is the biggest challenge Qantas has faced in its 100 years of operations, but we will get through this. If you or your office have any questions, please do not hesitate to call me directly.

Yours sincerely,



ALAN JOYCE





## ASX and Media Release

# QANTAS GROUP OUTLINES CUSTOMER AND EMPLOYEE IMPACT OF CORONAVIRUS-RELATED NETWORK CUTS

Sydney, 19 March 2020

- Qantas and Jetstar to suspend scheduled international flights from late March, following latest government travel advice; some ongoing ad hoc services possible.
- 60 per cent reduction to domestic flights, focused on cutting frequency.
- Two-thirds of employees to be temporarily stood down to preserve as many jobs as possible longer term.
- Payment of \$201 million shareholder dividend deferred until September 2020.

The Qantas Group has outlined the customer and employee impact of a huge drop in travel demand triggered by the public health response to the Coronavirus crisis.

Earlier this week, cuts to 90 per cent of international flying and about 60 per cent of domestic flying were announced by Qantas and Jetstar. With the Federal Government now recommending against all overseas travel from Australia, regularly scheduled international flights will continue until late March to assist with repatriation and will then be suspended until at least the end of May 2020. As the national carrier, Qantas is in ongoing discussions with the Federal Government about continuation of some strategic links.

More than 150 aircraft will be temporarily grounded, including all of Qantas' A380s, 747s and B787-9s and Jetstar's B787-8s. Discussions are progressing with airports and government about parking for these aircraft.

Essential domestic, regional and freight connections will be maintained as much as possible.

Qantas' fleet of freighters will continue to be fully utilised. Some domestic passenger aircraft will also be used for freight-only flights to replace lost capacity from regular scheduled services. There is no impact on Qantas Loyalty's operations as a result of today's announcement.

### INTERNATIONAL NETWORK CHANGES

The Qantas Group is making the following changes:

- All regularly scheduled Qantas and Jetstar international flights from Australia will be suspended from end March until at least end May 2020. Some flights may continue in order to maintain key links, based on ongoing discussions with the Federal Government.
- Jetstar Asia (Singapore) will suspend all flights from 23 March to at least 15 April 2020.
- Jetstar Japan has suspended international flights and cut domestic flying.
- Jetstar Pacific (Vietnam) has suspended international flights and will significantly cut domestic flying.





## DOMESTIC NETWORK CHANGES

The Group will maintain connectivity to almost all Australian domestic and regional destinations that Qantas, QantasLink and Jetstar currently operate to. The 60 per cent reduction in capacity will come mostly from a significant reduction in flight frequency, but also route suspensions and postponing a number of new route launches.

*(The route-by-route detail of these changes can be found [here](#).)*

## PEOPLE IMPACT

In order to preserve as many jobs as possible longer term, Qantas and Jetstar will stand down the majority of their 30,000 employees until at least the end of May 2020.

During the stand down, employees will be able to draw down on annual and long service leave and additional support mechanisms will be introduced, including leave at half pay and early access to long service leave. Employees with low leave balances at the start of the stand down will be able to access up to four weeks' leave in advance of earning it. Unfortunately, periods of leave without pay for some employees are inevitable.

Senior Group Management Executives and the Board have increased their salary reductions from 30 per cent to 100 per cent until at least the end of this financial year, joining the Chairman and Group CEO in taking no pay. Annual management bonuses have also been cancelled.

## SHAREHOLDER IMPACT

Given the current extraordinary circumstances, a decision has been made to defer payment of the shareholder dividend announced on 20 February from 9 April until 1 September 2020. This is in addition to the cancellation of the off-market buy back, previously announced.

## CEO COMMENTARY

### Comments from Qantas Group CEO Alan Joyce:

"The efforts to contain the spread of Coronavirus have led to a huge drop in travel demand, the likes of which we have never seen before. This is having a devastating impact on all airlines.

"We're in a strong financial position right now, but our wages bill is more than \$4 billion a year. With the huge drop in revenue we're facing, we have to make difficult decisions to guarantee the future of the national carrier.

"The reality is we'll have 150 aircraft on the ground and sadly there's no work for most of our people. Rather than lose these highly skilled employees who we'll need when this crisis passes, we are instead standing down two-thirds of our 30,000 employees until at least the end of May."

"Most of our people will be using various types of paid leave during this time, and we'll have a number of support options in place. We're also talking to our partners like Woolworths about temporary job opportunities for our people.

"This is a very hard set of circumstances for our people, as it is for lots of parts of the community right now.

"No airline in the world is immune to this, with the world's leading carriers making deep cuts to flying schedules and jobs. Our strong balance sheet means we've entered this crisis in better shape than most





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and we're taking action to make sure we can ride this out.

"Since this crisis started, there has been overwhelming support from our customers. That gives me even more confidence that we'll get through this," added Mr Joyce.

### **CUSTOMER INFORMATION**

Customer contact centres are currently experiencing long wait times from people seeking to change their travel plans as a result of the Coronavirus. To help manage the demand we ask that customers only call if they have travel within the next 48 hours.

To avoid further inconvenience, we're converting all bookings on cancelled flights to a travel credit, which can be used anywhere on our network. Affected customers will be contacted directly from next Monday. Any customers travelling before the end of May who wish to change their booking are also eligible to receive a travel credit instead.

If flights were booked through a travel agency or third-party website (e.g. Webjet, Booking.com), customers will need to contact them directly to make changes to their booking.

Released under RTI - DPPG

Media Enquiries: Qantas Media +61 418 210 005 [qantasmedia@qantas.com.au](mailto:qantasmedia@qantas.com.au)



## Angela Holden

---

**From:** Premier  
**Sent:** Thursday, 19 March 2020 8:49 AM  
**To:** 'the.premier@premiers.qld.gov.au'  
**Subject:** FW: Qantas Group outlines customer and employee impact of Coronavirus-related network cuts

**From:** Qantas Group Public Affairs <no-reply@qantas.com>  
**Sent:** Thursday, 19 March 2020 8:48 AM  
**To:** Premier <premier@ministerial.qld.gov.au>  
**Subject:** Qantas Group outlines customer and employee impact of Coronavirus-related network cuts

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## **QANTAS GROUP OUTLINES CUSTOMER AND EMPLOYEE IMPACT OF CORONAVIRUS-RELATED NETWORK CUTS**

The Qantas Group has this morning outlined the customer and employee impact of a huge drop in travel demand triggered by the public health response to the Coronavirus crisis:

- Qantas and Jetstar to suspend scheduled international flights from late March, following latest government travel advice; some ongoing ad hoc services possible.
- 60 per cent reduction to domestic flights, focused on cutting frequency.
- Two-thirds of employees to be temporarily stood down to preserve as many jobs as possible longer term.
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Essential domestic, regional and freight connections will be maintained as much as possible.

Qantas' fleet of freighters will continue to be fully utilised. Some domestic passenger aircraft will also be used for freight-only flights to replace lost capacity from regular scheduled



services. There is no impact on Qantas Loyalty's operations as a result of today's announcement.

Read more

## Facts about Coronavirus

- Coronavirus is not an airborne virus.
- Spreads through droplets from an infected person's mouth and nose.
- Stay healthy with good hygiene. Avoid touching face, mouth, eyes and nose.



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## Angela Holden

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**From:** Premier  
**Sent:** Friday, 20 March 2020 1:15 PM  
**To:** 'the.premier@premiers.qld.gov.au'  
**Subject:** FW: Letter from Qantas Andrew Parker  
**Attachments:** 20200320 - Letter from Qantas to the Hon Anastacia Palaszczuk - payroll tax relief.pdf

**From:** [REDACTED]@qantas.com.au  
**Sent:** Friday, 20 March 2020 1:12 PM  
**To:** Premier <premier@ministerial.qld.gov.au>  
**Cc:** Deputy Premier <deputy.premier@ministerial.qld.gov.au>; Shane Doherty <Shane.Doherty@ministerial.qld.gov.au>; Dr Michael Riordan <Michael.Riordan@ministerial.qld.gov.au>; Matthew Jutsum <Matthew.Jutsum@ministerial.qld.gov.au>  
**Subject:** Letter from Qantas Andrew Parker

Dear Premier

Further to Qantas Group CEO Alan Joyce's letter yesterday regarding the standing down of the majority of Qantas Group employees, please find attached a letter from Andrew Parker, Group Executive, Government, Industry, International, Sustainability regarding a request for emergency payroll tax exemption for airline employees, including the Qantas Group.

We would welcome a discussion on this matter as soon as possible.

Regards

[REDACTED]  
[REDACTED]  
Manager, Government and Public Affairs

Government, Industry, International and Sustainability  
Qantas Airways Limited  
10 Bourke Road, Mascot NSW 2020

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**From:** [REDACTED]  
**Sent:** Thursday, 19 March 2020 9:06 AM  
**To:** 'Anastacia Palaszczuk' <premier@ministerial.qld.gov.au>  
**Cc:** Shane Doherty <Shane.Doherty@ministerial.qld.gov.au>; michael.riordan@ministerial.qld.gov.au; Matthew

Jutsum <[Matthew.Jutsum@ministerial.qld.gov.au](mailto:Matthew.Jutsum@ministerial.qld.gov.au)>

**Subject:** Letter from Qantas Alan Joyce

Dear Premier

Further to my conversations with Shane (copied), please find attached a letter from Qantas Group CEO Alan Joyce.

Regards

[REDACTED]  
[REDACTED]  
Manager, Government and Public Affairs

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Released under RTI - DPC



20 March 2020

The Hon Anastacia Palaszczuk MP  
Premier  
1 William Street  
BRISBANE QLD 3000

**COMMERCIAL-IN-CONFIDENCE**

Dear Premier,

**RE: EMERGENCY PAYROLL TAX EXEMPTION FOR QANTAS GROUP EMPLOYEES**

As you are aware, the Coronavirus crisis has rapidly deteriorated, with the airline industry being disproportionately and significantly impacted. The Qantas Group is therefore seeking support from the Queensland Government, through a twelve-month payroll tax exemption from 1 January 2020, to help preserve airline jobs as a result of the consequential impacts of the Coronavirus crisis and mitigants imposed by governments.

The travel restrictions announced by the Federal Government on 15 March 2020 have accelerated the collapse in demand and forward bookings. Following the latest travel advice, the Qantas Group will suspend scheduled international flights from late March and reduce domestic capacity by 60 per cent. As a result, the Qantas Group had to make the difficult decision to temporarily stand down two-thirds of employees to preserve as many jobs as possible until at least the end of May 2020.

As the national carrier, we have not taken these decisions lightly. We have had to make difficult and necessary business changes to mitigate the financial impact of the Coronavirus crisis, but we have done so with a clear focus on preserving Qantas and Jetstar jobs.

Therefore, the Qantas Group is seeking the Queensland Government's support to provide a temporary payroll tax exemption to airlines for a period of up to twelve months from 1 January 2020.

In FY19, the Qantas Group paid approximately [REDACTED] in payroll tax in Queensland. A twelve-month exemption is a vital lifeline for airlines as it frees up much needed cashflow to continue operations.

The rapid escalation of the Coronavirus pandemic has made the Government's intervention to support Australian aviation both necessary and urgent, and we welcome the opportunity to discuss this option with you and your office further as soon as possible.

Yours sincerely,

[REDACTED]  
**Andrew Parker**

Group Executive, Government, Industry, International, Sustainability

cc The Hon Jackie Trad MP, Treasurer



## Angela Holden

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**From:** Premier  
**Sent:** Wednesday, 19 August 2020 8:21 AM  
**To:** 'The Premier'  
**Subject:** FW: Letter from Alan Joyce  
**Attachments:** Letter - QLD Premier (17Aug2020).pdf

**From:** [REDACTED]@qantas.com.au  
**Sent:** Monday, 17 August 2020 4:54 PM  
**To:** Premier <premier@ministerial.qld.gov.au>; Jim Murphy <Jim.Murphy@ministerial.qld.gov.au>  
**Cc:** Shane Doherty <Shane.Doherty@ministerial.qld.gov.au>; Treasurer <treasurer@ministerial.qld.gov.au>; Dr Michael Riordan <Michael.Riordan@ministerial.qld.gov.au>  
**Subject:** Letter from Alan Joyce

Dear Premier

Please find attached a letter from Qantas Group CEO Alan Joyce.

Regards

[REDACTED]  
Manager, Government and Public Affairs

Government, Industry, International and Sustainability  
Qantas Airways Limited  
10 Bourke Road, Mascot NSW 2020

M. [REDACTED]  
E. [REDACTED]@qantas.com.au

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Qantas Airways Limited  
ABN 16 009 661 901

Visit Qantas online at <http://qantas.com>

\*\*\*\*\*

Managing Director  
and Chief Executive Officer  
Alan Joyce AC



17 August 2020

The Hon Anastacia Palaszczuk MP  
Premier  
1 William Street  
BRISBANE QLD 4002

Via email only: [premier@ministerial.qld.gov.au](mailto:premier@ministerial.qld.gov.au) / [shane.doherty@ministerial.qld.gov.au](mailto:shane.doherty@ministerial.qld.gov.au)

**COMMERCIAL-IN-CONFIDENCE**

Dear Premier,

**RE: FINANCIAL SUPPORT FOR DOMESTIC AVIATION AND BORDER HARMONISATION**

Thank you for the support the Queensland Government has provided the Qantas Group to date to assist with the ongoing operational and financial impact of COVID-19.

The Qantas Group has been making every effort to stand up critical capacity to support Australia's connectivity and the economy. In June we announced our three-year plan to accelerate our recovery and return to growth in a changed market. The immediate focus of our plan was on gradually increasing our domestic flying. We had planned to have 45 per cent of our domestic capacity up and running this month and up to 90 per cent by the end of this year. However, the second wave in Victoria and the rapidly changing border restrictions have dramatically reduced our capacity and slowed our recovery. As a result, Qantas Group domestic capacity is currently operating at 20 per cent of pre-COVID levels and is likely to stay there until border restrictions are eased.

It is clear that the aviation industry continues to be one of the hardest hit by the crisis and I cannot stress enough the seriousness of the situation in which the whole industry, Qantas Group included, finds itself. We have made the necessary decisions in response by reducing our workforce by 6,000 people, standing down 15,000 people for nearly a year, grounding 220 aircraft and radically changing everything we do to ensure that we can emerge from this crisis. Despite this, current conditions and government restrictions, mean we are burning cash at a rate of approximately \$50 million per week.

In this context, the Qantas Group seeks tailored support for the industry from the Queensland Government. Our request falls into three categories:



1. Forward payment of Queensland Government travel;
2. Temporary reduction of self-insurance bank guarantee requirements, regulated by the Office of Industrial Relations; and
3. National harmonisation of border restrictions and quarantine arrangements.

These proposals will assist airlines to maintain critical cash flow and allow the industry to move forward on its plan for recovery – while providing much needed clarity and consistency regarding border restrictions and requirements.

#### **Forward payment of Queensland Government travel**

In order to provide funds across the aviation supply chain quickly, we seek your consideration of an early payment of domestic and international travel for all Australian-based airlines, effective from 1 November 2020. This would bring forward already planned payments for travel that will be utilised by Government.

The forward payment would be based on 50 per cent of FY19 domestic and international flying activity for all Australian airlines. For the Qantas Group, this would involve a forward payment of approximately [REDACTED], which can be claimed and redeemed by the Queensland Government.

We have also made a similar prepayment request of the Federal and other State and Territory governments in respect to their travel.

#### **Temporarily reduce self-insurance bank guarantee requirements**

To assist the Qantas Group secure liquidity and funding, we seek assistance from the Queensland Government to temporarily remove the 50 per cent premium applied to determine bank guarantee values that must be provided as part of self-insurance arrangements, and regulated by the Office of Industrial Relations. Removal of the 50 per cent premium will help free up bank funding lines by reducing the Qantas Group's need to source bank guarantees.

Separately, I have written to the Office of Industrial Relations regarding this proposal.

#### **Border harmonisation**

The Qantas Group acknowledges that border restrictions and protocols form part of the Queensland Government's broader public health response to COVID-19. However, in the absence of a clear framework on the threshold of health triggers to either impose greater restrictions or scale back border controls across the various States and Territories, it remains increasingly complex to manage the restart of our domestic operations. The differences in State-based requirements, exemptions and entry pass systems have also made it difficult to manage the Qantas Group's delivery of essential services across our network.

As a solution, the Qantas Group requests that the State and Territory Governments work with the Commonwealth to develop a national framework to harmonise the opening and closing of State borders, like the approach taken for the National Cabinet's COVIDSafe Framework, with:

- Defined performance triggers up or down depending on the severity of the outbreak;
- A uniform spectrum of border settings and protocols (for States with an outbreak or hotspot and other States to reactively implement); and
- Consistent application of measures for airlines and their customers, including the implementation of borders at airports.

We also ask that there be greater alignment between the States and Territories through the National Cabinet process to create a single user experience for border pass applications, quarantine requirements and exemptions for essential workers and travellers.

In order to assist with these measures and simplify the current processes for managing air crew across jurisdictions, Airlines for Australia and New Zealand (A4ANZ) have developed a *National Protocol for Border Controls for Domestic Flying* and I attach this for your reference.

On behalf of the Qantas Group, thank you again for your assistance to date and I look forward to your consideration of these matters at a critical time for our industry.

Yours sincerely



**ALAN JOYCE AC**

cc The Hon Cameron Dick MP, Treasurer



## Angela Holden

**From:** Premier  
**Sent:** Thursday, 20 August 2020 9:39 AM  
**To:** 'The Premier'  
**Subject:** FW: Qantas Group FY20 Financial Result - Navigating Exceptional Conditions

FYI

**From:** Qantas Group Public Affairs <no-reply@qantas.com>  
**Sent:** Thursday, 20 August 2020 9:21 AM  
**To:** Premier <premier@ministerial.qld.gov.au>  
**Subject:** Qantas Group FY20 Financial Result - Navigating Exceptional Conditions

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Government, Industry  
and International Affairs

Qantas is a key economic enabler and  
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A photograph of a Qantas Boeing 747-400 aircraft in flight, banking to the right, flying above a layer of white clouds. The sky is clear and blue.

### QANTAS GROUP FY20 FINANCIAL RESULT – NAVIGATING EXCEPTIONAL CONDITIONS

In what has been the most challenging period in its 100 year history, the Qantas Group today announced its financial results for FY20. The COVID-19 crisis and associated ongoing border closures has resulted in a near total collapse in travel demand, and a \$4 billion drop in revenue and \$1.2 billion hole in underlying profit.

Despite this, the Qantas Group still delivered a \$124 million Underlying Profit Before Tax for the 12 months ended 30 June 2020, down 91 per cent on the prior year. There are several important factors that supported the underlying result:

- The profit of almost \$800 million that we made in the first half, which we saw unwind in the second half.
- The immediate action we took to reduce our costs as soon as travel demand collapsed.
- And several bright spots in our portfolio: Qantas Loyalty, Qantas Freight and our charter services for the resources market.

The Qantas Group also acknowledges the significant industry assistance provided by governments in response to COVID-19, reflecting the importance of aviation to the broader economy.

The industry will continue to need that support while the border closures remain in place. The longer they are, the harder the recovery.

We will continue to progress our plan for recovery which will save us \$15 billion. That's achieved by hard decisions like job losses and ongoing stand down of our people because of less flying, as well as fuel savings and lower maintenance costs from putting aircraft into hibernation.

Despite significant uncertainty across most markets and the disparate approaches to border controls across Australia, the Qantas Group remains well positioned to take advantage of the eventual return of domestic once domestic border restrictions are lifted and, ultimately, international travel demand.

Our message is simply this: the Flying Kangaroo's wings are clipped for now, but it's still got plenty of ambition. And as the national carrier, we plan to deliver on it.

We are, and always will be, the Spirit of Australia.

Highlights:

- Underlying Profit Before Tax: \$124 million (down 91 per cent)
- Statutory Loss Before Tax: \$2.7 billion (majority of which is non-cash, including aircraft write downs)
- \$4 billion revenue impact from COVID-19 crisis in 2H20
- Operating cash flow: \$1.1 billion
- Liquidity of \$4.5 billion providing considerable buffer to manage uncertainty
- Significant progress on initial steps of three-year recovery plan

Click [here](#) to view the full Media Release and commentary from Qantas Group CEO Alan Joyce.