

-----Original Message-----

**From:** Mrdak Mike

**Sent:** Monday, May 21, 2012 06:51 PM AUS Eastern Standard Time

**To:** Doherty John; Borthwick Stephen; Wilson Andrew

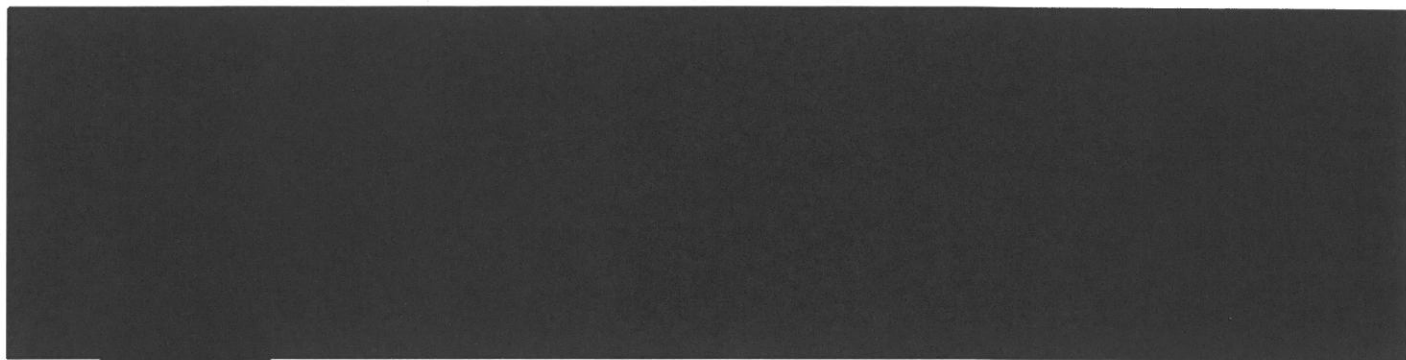
**Subject:** QF restructure - confidential [SEC=UNCLASSIFIED]

Had a call from Alan Joyce this evening – he will announce tomorrow morning a restructure of the Qantas company into 4 separate business units and 2 corporate units – Jetstar, Qantas domestic, Qantas international and Freight.

Will appoint new Heads to separate domestic and international businesses and Bruce Buchanan will move on from Jetstar and Rob Geurney will not continue with the group.

The restructure will be advised to ASX in the morning

Mike



**From:** [REDACTED]  
**Sent:** Tuesday, 22 May 2012 10:55  
**To:** [REDACTED]  
**Cc:** [REDACTED]; Borthwick Stephen  
**Subject:** Qantas restructure PPQ [SEC=UNCLASSIFIED]

Good Morning [REDACTED]  
Please find attached the Qantas restructure PPQ as cleared by Stephen.  
Hope I've got the procedure right.



Trade and Aviation Market Policy | Aviation Industry Policy | Aviation and Airports

---

Department of Infrastructure and Transport  
P: (02) 6274 [REDACTED]

 Please consider the environment before printing this e-mail

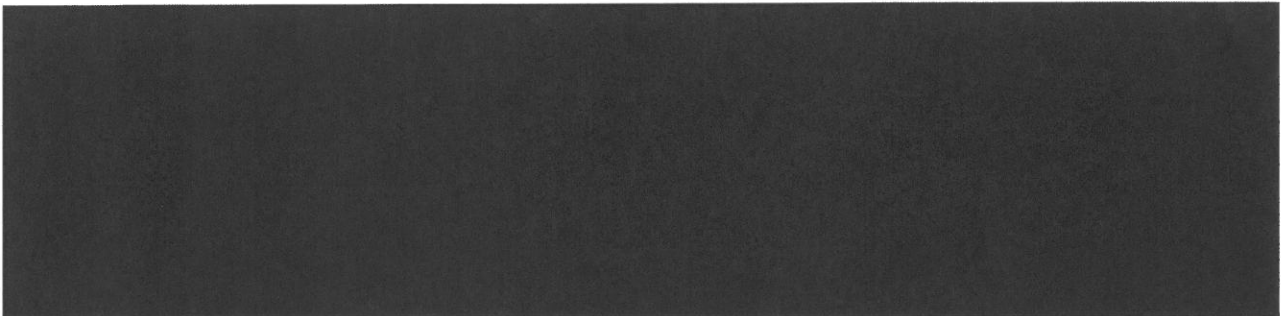
IN CONFIDENCE

**Qantas Group Restructure**

**QUESTION**

How is the Government responding to the announced restructure of the Qantas Group?

**GOVERNMENT POSITION**

- I am aware of Qantas' announcement today on some internal changes to the structure of the company.
  - The Government believes in an Australian-based and majority Australian-owned Qantas.
  - The *Qantas Sale Act 1992* imposes a number of conditions to give effect to the Government's policy, and the Government will ensure these conditions are met.
  - The *Qantas Sale Act 1992* requires that:
    - Qantas' main operational base and headquarters must remain in Australia;
    - Total foreign ownership must not exceed 49 per cent;
    - The name of Qantas must be preserved for the company's scheduled international passenger services;
    - The company must be incorporated in Australia;
    - At least two-thirds of the board of Qantas must be Australian citizens; and
    - The Chairman of the Board must be an Australian citizen.
  - In addition, Australian law requires any airline seeking to use Australian rights and operate international services as an Australian airline to be majority Australian-owned and based in Australia.
- 

## IN CONFIDENCE

### BACKGROUND

The Qantas group announced it will restructure its airline businesses and introduce a new management team from 1 July 2012. The group will submit one annual report with each business reporting separately within the report.

Some Qantas critics have previously argued that Qantas has been concealing the true costs associated with the international business to justify the efficiency enhancements of closing maintenance facilities. The restructure is likely to result in increased transparency across the group, particularly with respect to the health of the domestic and international components of the business.

The move is intended to position the Qantas Group as a portfolio business and to ensure it can independently run each business in line with specific priorities and market conditions.

The proposed restructure is internal to the Qantas Group and does not, at this stage, raise any issues for compliance with the *Qantas Sale Act 1992*.

### Company and management structure

Alan Joyce will remain as CEO of the Qantas Group. Two new entities will be formed and the overall company structure will be as follows:

**Qantas International:** CEO Simon Hickey

**Qantas Domestic:** CEO Lyell Strambi

**Jetstar Group:** CEO Jayne Hrdlicka

**Qantas Frequent Flyer:** CEO Lesley Grant

Management within the group is as follows:

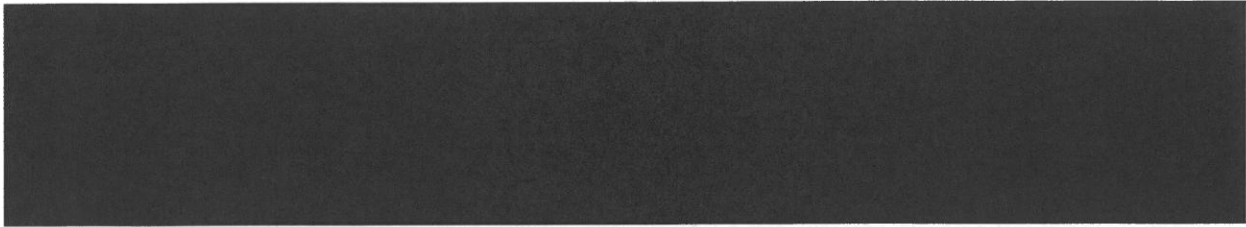
**Group Executive, People and Office of the CEO:** Jon Scriven

**Group Executive, Government and Corporate Affairs:** Olivia Wirth

**General Counsel:** Brett Johnson

**Chief Financial Officer:** Gareth Evans

Jetstar Group CEO Mr Bruce Buchanan and Group Executive Commercial and Freight, Qantas Airlines Mr Rob Gurney will leave the Group as a result of the restructure. Mr Buchanan will continue with Jetstar for the next six months and then provide consultancy services to the Group for an additional 18 months.



---

**Contact Officer**

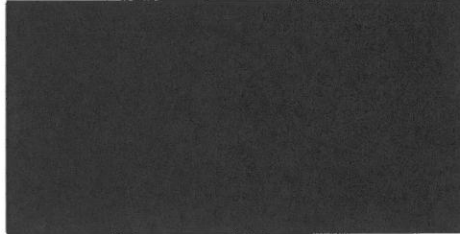
Name:

Title:

Landline:

Mobile:

Last updated:

**SES Contact Officer**

Stephen Borthwick

General Manager – Aviation Industry

Policy Branch

02 6274 7739



**From:** O'GRADY, Wade [mailto:wade.o'grady@deewr.gov.au]  
**Sent:** Tuesday, 22 May 2012 11:26 AM  
**To:** [REDACTED]  
**Subject:** Fw: Qantas Group: New Qantas Airlines Structure, Executive Team

Hi [REDACTED]

Are you doing a media release on this announcement?

If so, could you forward please.

Thanks

Wade O'Grady  
Director - Industries Section  
Workplace Relations Policy Group

**From:** MCCARTHY, Dan  
**Sent:** Tuesday, May 22, 2012 11:21 AM  
**To:** DOUKAKIS, Anna; THORNTON, Pauline  
**Cc:** BURTON, Mark; O'GRADY, Wade  
**Subject:** Qantas Group: New Qantas Airlines Structure, Executive Team

Qantas media release on splitting its international business from its domestic operations - fyi

<http://www.qantas.com.au/travel/airlines/media-releases/may-2012/5399/global/en>

### **Qantas Group: New Qantas Airlines Structure, Executive Team**

The Qantas Group today announced a restructure of the Qantas Airlines business and changes to its executive team as it enters the next phase of the five-year transformation plan launched in August 2011.

After being restructured over the coming months, Qantas International and Qantas Domestic – currently combined as 'Qantas Airlines' – will be formally managed as two distinct businesses. Each will have its own CEO and its own operational and commercial functions. Their financial results will also be reported separately. The new structure will be effective from 1 July 2012.

This change will enable a greater focus on the priorities of turning around the Qantas International business and enhancing the strong Qantas Domestic business, as part of the overall Group strategy.

A number of changes will be made to the Qantas Group's executive management under Chief Executive Officer Alan Joyce. The new Qantas Group Executive Committee will be as follows.

- Simon Hickey, CEO Qantas International. Mr Hickey is currently CEO, Qantas Frequent Flyer.
- Lyell Strambi, CEO, Qantas Domestic. Mr Strambi is currently Group Executive, Qantas Airlines Operations.
- Jayne Hrdlicka, CEO, Jetstar Group. Ms Hrdlicka is currently Group Executive, Strategy and Technology. The Strategy and Technology function will move under Chief Financial Officer Gareth Evans.
- Lesley Grant, CEO, Qantas Frequent Flyer. Ms Grant was formerly the Group Executive responsible for developing Qantas' new international strategy.
- Jon Scriven, Group Executive, People and Office of the CEO.
- Olivia Wirth, Group Executive, Government and Corporate Affairs
- Brett Johnson, General Counsel
- Gareth Evans, Chief Financial Officer

Jetstar Group CEO Bruce Buchanan, having successfully built Jetstar into the leading low fares carrier across Asia, will leave the Group. Mr Buchanan will remain with Jetstar for the next six months to assist with the transition. He will then provide consultancy services to the Group for an additional 18 months.

As a consequence of the revised structure, Rob Gurney, Group Executive Commercial and Freight, Qantas Airlines, has decided that it is appropriate to leave the Group.

Mr Joyce said the restructure would strengthen the Qantas Group's portfolio and help deliver its strategic goals.

"Over the past 18 months we have established a clear path to building a better, more competitive Qantas," he said. "Our foundations are strong, with the two most profitable airlines in the domestic market, one of the world's best loyalty programs and Jetstar targeting the fast-growing Asian leisure travel market.

"We have begun the process of restoring Qantas International to a sustainable position. Yesterday we announced that we will consolidate our heavy maintenance operations in Australia to maximise the benefits of our next-generation fleet of aircraft. And other initiatives are underway across the Group to increase efficiency and productivity.

"The restructure I announce today advances this essential program of change. It recognises that the Qantas Group is a true portfolio business.

"Qantas Domestic and Qantas International face very different situations. Qantas Domestic is strong and profitable. We are seeing the most sustained levels of high customer satisfaction on domestic services since 2004, and we are the airline of choice for corporate Australia.

"But we cannot be complacent – we must continue to offer customers the best network, frequency and flying experience in the domestic market, and find new ways to earn and reward their loyalty.

"Qantas International, a great airline with a rich history, is loss-making and does not deliver sustainable returns. However, we are committed to turning it around through the five-year strategy we announced last year, based on flying to global gateways, deeper alliances, smart investment in product and disciplined capital management.

"Formally separating the management of Qantas International and Qantas Domestic will ensure that we can independently run each business according to its specific priorities and market conditions.

"These measures give us the right structure to address the challenges and opportunities we face – and the right people.

"Simon Hickey has achieved record profits at Qantas Frequent Flyer, which now has 8.5 million members and is now a powerful brand in its own right. Lyell Strambi is an outstanding aviation executive with experiencing running all aspects of Qantas' operations, while Lesley Grant's credentials as former Group Executive Customer and Marketing make her well-placed to manage Qantas Frequent Flyer.

"Jayne Hrdlicka has been vital to the development of the Group's strategy and will have an important job managing the Jetstar business across multiple markets following a successful period of expansion under Bruce Buchanan.

"I would also like to express my appreciation for the significant contribution Rob Gurney has made to Qantas over the past 14 years, and I wish him well in his future endeavours.

"Operationally, it will continue to be business as usual for Qantas customers and employees. We will be carefully working through the details of the separation of Qantas International and Qantas Domestic over the next few months. Relevant stakeholders will be kept informed and consulted as required and further announcements made at the appropriate time."

Mr Buchanan has decided after nine years with the Qantas Group it is time to leave the company and explore new opportunities. This will include working with other Australian companies seeking to expand into growth markets within Asia, just as he has done with the Jetstar Group of airlines.

"I'm extremely proud of my time at Jetstar working with a team of very talented people who pioneered a way of setting up airlines across Asia," Mr Buchanan said.

"If we can export airlines - a business where we have no natural advantages - there are no limits to where we can leverage our Australian ingenuity.

"I'm looking forward to continuing my work with Alan and the Qantas Group over the next couple of years, while helping other businesses expand across Asia."

**Daniel McCarthy**  
**Assistant Director**  
Industries Team,  
Industry Liaison Branch, Workplace Relations Policy Group  
Department of Education, Employment and Workplace Relations  
Ph: 02 6240 9681 Fax: 02 6123 7253  
[daniel.mccarthy@deewr.gov.au](mailto:daniel.mccarthy@deewr.gov.au)

**Notice:**

The information contained in this email message and any attached files may be confidential information, and may also be the subject of legal professional privilege. If you are not the intended recipient any use, disclosure or copying of this email is unauthorised. If you received this email in error, please notify the sender by contacting the DEEWR Switchboard on 13 33 97 (1DEEWR) during business hours (8am - 8pm AEST) and delete all copies of this transmission together with any attachments.

[REDACTED]

---

**From:** Steve Jackson [stevejackson@qantas.com.au]  
**Sent:** Tuesday, 22 May 2012 3:05 PM  
**To:** Wilson Andrew  
**Subject:** FW: CHANGES TO THE QANTAS GROUP ORGANISATION [SEC=UNCLASSIFIED]

Andrew – for your information.

Steve

---

**From:** Retter Paul [mailto:Paul.Retter@infrastructure.gov.au]  
**Sent:** Tuesday, 22 May 2012 1:54 PM  
**To:** Steve Jackson; Brenan George  
**Subject:** RE: CHANGES TO THE QANTAS GROUP ORGANISATION [SEC=UNCLASSIFIED]

[REDACTED]

[REDACTED]

---

**From:** Steve Jackson [mailto:stevejackson@qantas.com.au]  
**Sent:** Tuesday, 22 May 2012 13:37  
**To:** Retter Paul  
**Subject:** CHANGES TO THE QANTAS GROUP ORGANISATION

Paul,

Earlier this morning, Alan made an announcement setting out a series of significant changes to the Qantas Group. Following is an extract of a notice he has circulated to all staff in the Qantas Group.

\*\*\*\*\*

In August last year, we announced our five-year plan to transform Qantas International. Today, we are delivering the next phase in the strategy, with a restructure of the Qantas Airlines business and changes to our executive team.

After being restructured over the coming months, Qantas International and Qantas Domestic will be formally managed as separate business segments. Each business will

have its own CEO and its own operational and commercial functions. Their financial results will also be reported separately. The new structure will be effective from 1 July 2012.

Our domestic and international businesses face very different situations. This new structure will give us a greater focus on turning around our struggling international business, while continuing to improve our strong domestic position.

As a result of the restructure, a number of changes will be made to our Executive Committee:

- **Lyell Strambi** – currently Group Executive Qantas Airlines Operations, will become CEO Qantas Domestic
- **Simon Hickey** – will move from CEO Qantas Loyalty to CEO Qantas International
- **Lesley Grant** – will step in to the role of CEO Qantas Loyalty
- **Jayne Hrdlicka** – currently Group Executive Strategy and Technology, will become CEO of the Jetstar Group. The Strategy and Technology function will move under Chief Financial Officer Gareth Evans
- **Gareth Evans** – will remain as Chief Financial Officer
- **Jon Scriven** – will remain as Group Executive People
- **Olivia Wirth** – will remain as Group Executive Government and Corporate Affairs
- **Brett Johnson** – will remain as General Counsel.

As a consequence of the revised structure, Jetstar Group CEO Bruce Buchanan has decided to leave the Group. Bruce will stay for a six-month handover with Jayne and will then provide consultancy services to the Group for an additional 18 months.

Rob Gurney, Group Executive Commercial and Freight, has also decided to leave the Group.

I would like to express my appreciation for the significant contribution both Bruce and Rob have made to the Qantas Group and I wish both of them well in their future endeavours.

Operationally, it will continue to be business as usual for our people and our customers. We will be carefully working through the details of the separation of Qantas International and Qantas Domestic over the next few months. During this period we will continue to keep you updated on the future direction of each Qantas business.

Finally, I would like to acknowledge every single employee for their continued dedication to our company. I know that many of you have been through considerable challenges and changes in the past six months. I also know that change can be unsettling and it can make it hard to do your job. But the changes we're making will ensure the future of our business. I thank you for your support.

\*\*\*\*\*

Alan has spoken with Mike Mrdak (as well as Minister Albanese and John McCormack) and briefed him on the changes. I wanted to take this opportunity to give you some detail on what has been announced.

My new structure for Group Security & Facilitation (which will also come into play on 1 July) complements the new Group structure.



Happy to talk through the announcement with you in further detail if you wish.

Kindest regards,

Steve Jackson

\*\*\*\*\* PLEASE CONSIDER OUR ENVIRONMENT BEFORE PRINTING

\*\*\*\*\*

\*\*\*\*\* Confidentiality and Privilege Notice

\*\*\*\*\*

This e-mail is intended only to be read or used by the addressee. It is confidential and may contain legally privileged information. If you are not the addressee indicated in this message (or responsible for delivery of the message to such person), you may not copy or deliver this message to anyone, and you should destroy this message and kindly notify the sender by reply e-mail. Confidentiality and legal privilege are not waived or lost by reason of mistaken delivery to you.

Qantas Airways Limited  
ABN 16 009 661 901

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

\*\*\*\*\*

Disclaimer

This message has been issued by the Department of Infrastructure and Transport.

The information transmitted is for the use of the intended recipient only and may contain confidential and/or legal information. Any review, retransmission, disclosure, dissemination or other use of, or taking of any action in reliance upon, this information by anyone other than the intended recipient is prohibited and may result in severe penalties. If you have received this e-mail in error, please notify the Department on (02) 6274-7111 and delete all copies of this transmission together with any attachments.


\*\*\*\*\* PLEASE CONSIDER OUR ENVIRONMENT BEFORE PRINTING \*\*\*\*\*  
\*\*\*\*\* Confidentiality and Privilege Notice \*\*\*\*\*

This e-mail is intended only to be read or used by the addressee. It is confidential and may contain legally privileged information. If you are not the addressee indicated in this message (or responsible for delivery of the message to such person), you may not copy or deliver this message to anyone, and you should destroy this message and kindly notify the sender by reply e-mail. Confidentiality and legal privilege are not waived or lost by reason of mistaken delivery to you.

Qantas Airways Limited  
ABN 16 009 661 901

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

\*\*\*\*\*



---

**From:** [REDACTED]  
**Sent:** Wednesday, 23 May 2012 11:32  
**To:** Borthwick Stephen; Doherty John; [REDACTED]  
**Subject:** FW: [SEC=UNCLASSIFIED]

fyi

---

**From:** Bruce Buchanan [mailto:[Bruce.Buchanan@jetstar.com](mailto:Bruce.Buchanan@jetstar.com)]  
**Sent:** Wednesday, 23 May 2012 11:29 AM  
**To:** [bruce.e.buchanan@gmail.com](mailto:bruce.e.buchanan@gmail.com)  
**Subject:**

Yesterday I have announced that I am leaving the role of Group Chief Executive Officer of Jetstar. After careful consideration, I have decided it is time to explore new adventures in my career.

I will remain active in the business for the next two years, assisting Alan Joyce and the rest of the team.



The Jetstar business today is in an envied position:

- Safely carried around 85 million customers to their destination
- Became the largest low fares airline in Asia-Pacific
- Achieved record profitability (continuously profitable since start-up)
- Reduced unit cost every year – by more than 4%
- One of the world's leading levels of ancillary revenue
- The first successful low cost airline setup by a full service airline
- Pioneered long-haul low cost travel
- Became a *Top 100 Brand* in Japan, changed Japanese buying behaviour for travel and helped shape Japanese aviation deregulation that has made Jetstar Japan a reality
- Won numerous *SkyTrax* awards for customer service excellence
- Created more than 7,000 new jobs
- Established a pan-Asian brand and customer proposition through an innovative franchise business model
- Built strong dual brand partnerships that helped bring the Jetstar brand into Vietnam, China and Japan
- And did all this in while ensuring safety was always our first priority – achieving a very rare feat of zero findings in our recent IOSA audit.

Of all these things, I am most proud of what we have achieved for the culture, talent and capability in the organisation. Jetstar today has record employee engagement levels – having steadily increased our results every year for the last four years. We have trained and built a new front line management team to ensure we continue to nurture the next generation of leaders. The senior management team is the most talented group of people I have ever had the pleasure to work with, and they have powered Jetstar forward with incredible talent and passion.

All of these things mean that Jetstar is in a very strong position to continue to be one of the best performing airlines in the world.

Jayne Hrdlicka of Qantas has been appointed the new CEO of the Jetstar Group. She will commence in July. I wish Jayne and the team all the very best.



Thank you for your support over the years and I look forward to working with you on my next adventure.

Regards,  
Bruce

## **Bruce Buchanan Group Chief Executive Officer**

This e-mail is intended only to be read or used by the addressee. It is confidential and may contain legally privileged information. If you are not the addressee indicated in this message (or responsible for delivery of the message to such person), you may not copy or deliver this message to anyone, and you should destroy this message and kindly notify the sender by reply e-mail. Confidentiality and legal privilege are not waived or lost by reason of mistaken delivery to you.

Jetstar Airways Pty Limited  
ABN 33 069 720 243

---

This email has been scanned by the Symantec Email Security.cloud service.  
For more information please visit <http://www.symanteccloud.com>

---



16

[REDACTED]

---

**From:** [REDACTED]  
**Sent:** Wednesday, 23 May 2012 2:13 PM  
**To:** Mrdak Mike; Wilson Andrew  
**Cc:** Doherty John; Borthwick Stephen; [REDACTED]  
**Subject:** QF docs [SEC=UNCLASSIFIED]  
**Attachments:** 426dj660px3hfj[1].pdf; 426ctlzyv6xjpm[1].pdf; Qantas Restructure.docx; Qantas Industrial Issues ppq.docx

Qantas press releases on [REDACTED] restructure attached and our PPQs.

[REDACTED]



# Media Release

## **QANTAS GROUP: NEW QANTAS AIRLINES STRUCTURE, EXECUTIVE TEAM**

**SYDNEY, 22 May 2012:** The Qantas Group today announced a restructure of the Qantas Airlines business and changes to its executive team as it enters the next phase of the five-year transformation plan launched in August 2011.

After being restructured over the coming months, Qantas International and Qantas Domestic – currently combined as 'Qantas Airlines' – will be formally managed as two distinct businesses. Each will have its own CEO and its own operational and commercial functions. Their financial results will also be reported separately. The new structure will be effective from 1 July 2012.

This change will enable a greater focus on the priorities of turning around the Qantas International business and enhancing the strong Qantas Domestic business, as part of the overall Group strategy.

A number of changes will be made to the Qantas Group's executive management under Chief Executive Officer Alan Joyce. The new Qantas Group Executive Committee will be as follows.

- **Simon Hickey, CEO Qantas International.** Mr Hickey is currently CEO, Qantas Frequent Flyer.
- **Lyell Strambi, CEO, Qantas Domestic.** Mr Strambi is currently Group Executive, Qantas Airlines Operations.
- **Jayne Hrdlicka, CEO, Jetstar Group.** Ms Hrdlicka is currently Group Executive, Strategy and Technology. The Strategy and Technology function will move under Chief Financial Officer Gareth Evans.
- **Lesley Grant, CEO, Qantas Frequent Flyer.** Ms Grant was formerly the Group Executive responsible for developing Qantas' new international strategy.
- **Jon Scriven, Group Executive, People and Office of the CEO.**
- **Olivia Wirth, Group Executive, Government and Corporate Affairs**
- **Brett Johnson, General Counsel**
- **Gareth Evans, Chief Financial Officer**

Jetstar Group CEO Bruce Buchanan, having successfully built Jetstar into the leading low fares carrier across Asia, will leave the Group. Mr Buchanan will remain Jetstar for the next six months to assist with the transition. He will then provide consultancy services to the Group for an additional 18 months.

As a consequence of the revised structure, Rob Gurney, Group Executive Commercial and Freight, Qantas Airlines, has decided that it is appropriate to leave the Group.

Mr Joyce said the restructure would strengthen the Qantas Group's portfolio and help deliver its strategic goals.

"Over the past 18 months we have established a clear path to building a better, more competitive Qantas," he said. "Our foundations are strong, with the two most profitable airlines in the domestic market, one of the world's best loyalty programs and Jetstar targeting the fast-growing Asian leisure travel market.

"We have begun the process of restoring Qantas International to a sustainable position. Yesterday we announced that we will consolidate our heavy maintenance operations in Australia to maximise the benefits of our next-generation fleet of aircraft. And other initiatives are underway across the Group to increase efficiency and productivity.



"The restructure I announce today advances this essential program of change. It recognises that the Qantas Group is a true portfolio business.

"Qantas Domestic and Qantas International face very different situations. Qantas Domestic is strong and profitable. We are seeing the most sustained levels of high customer satisfaction on domestic services since 2004, and we are the airline of choice for corporate Australia.

"But we cannot be complacent – we must continue to offer customers the best network, frequency and flying experience in the domestic market, and find new ways to earn and reward their loyalty.

"Qantas International, a great airline with a rich history, is loss-making and does not deliver sustainable returns. However, we are committed to turning it around through the five-year strategy we announced last year, based on flying to global gateways, deeper alliances, smart investment in product and disciplined capital management.

"Formally separating the management of Qantas International and Qantas Domestic will ensure that we can independently run each business according to its specific priorities and market conditions.

"These measures give us the right structure to address the challenges and opportunities we face – and the right people.

"Simon Hickey has achieved record profits at Qantas Frequent Flyer, which now has 8.5 million members and is now a powerful brand in its own right. Lyell Strambi is an outstanding aviation executive with experiencing running all aspects of Qantas' operations, while Lesley Grant's credentials as former Group Executive Customer and Marketing make her well-placed to manage Qantas Frequent Flyer.

"Jayne Hrdlicka has been vital to the development of the Group's strategy and will have an important job managing the Jetstar business across multiple markets following a successful period of expansion under Bruce Buchanan.

"I would also like to express my appreciation for the significant contribution Rob Gurney has made to Qantas over the past 14 years, and I wish him well in his future endeavours.

"Operationally, it will continue to be business as usual for Qantas customers and employees. We will be carefully working through the details of the separation of Qantas International and Qantas Domestic over the next few months. Relevant stakeholders will be kept informed and consulted as required and further announcements made at the appropriate time."

Mr Buchanan has decided after nine years with the Qantas Group it is time to leave the company and explore new opportunities. This will include working with other Australian companies seeking to expand into growth markets within Asia, just as he has done with the Jetstar Group of airlines.

"I'm extremely proud of my time at Jetstar working with a team of very talented people who pioneered a way of setting up airlines across Asia," Mr Buchanan said.

"If we can export airlines - a business where we have no natural advantages - there are no limits to where we can leverage our Australian ingenuity.

"I'm looking forward to continuing my work with Alan and the Qantas Group over the next couple of years, while helping other businesses expand across Asia."

**Issued by Qantas Corporate Communication (Q5399)**

**Media Enquiries: Tom Woodward M: 0424 245 265 E: [thomaswoodward@qantas.com.au](mailto:thomaswoodward@qantas.com.au)**

**Luke Enright M: 0428 527 960 E: [lukeenright@qantas.com.au](mailto:lukeenright@qantas.com.au)**

## **IN CONFIDENCE**

### **QANTAS RESTRUCTURE**

#### **QUESTION**

How is the Government responding to the announced restructure of the Qantas Group?

#### **GOVERNMENT POSITION**

- I am aware of Qantas' announcement today on some internal changes to the structure of the company.
- The Government believes in an Australian-based and majority Australian-owned Qantas.
- The *Qantas Sale Act 1992* imposes a number of conditions to give effect to the Government's policy, and the Government will ensure these conditions are met.
- The *Qantas Sale Act 1992* requires that:
  - Qantas' main operational base and headquarters must remain in Australia;
  - Total foreign ownership must not exceed 49 per cent;
  - The name of Qantas must be preserved for the company's scheduled international passenger services;
  - The company must be incorporated in Australia;
  - At least two-thirds of the board of Qantas must be Australian citizens; and
  - The Chairman of the Board must be an Australian citizen.
- In addition, Australian law requires any airline seeking to use Australian rights and operate international services as an Australian airline to be majority Australian-owned and based in Australia.



## IN CONFIDENCE

### BACKGROUND

The Qantas group announced it will restructure its airline businesses and introduce a new management team from 1 July 2012. The group will submit one annual report with each business reporting separately within the report.

Some Qantas critics have previously argued that Qantas has been concealing the true costs associated with the international business to justify the efficiency enhancements of closing maintenance facilities. The restructure is likely to result in increased transparency across the group, particularly with respect to the health of the domestic and international components of the business.

The move is intended to position the Qantas Group as a portfolio business and to ensure it can independently run each business in line with specific priorities and market conditions.

The proposed restructure is internal to the Qantas Group and does not, at this stage, raise any issues for compliance with the *Qantas Sale Act 1992*.

#### Company and management structure

Alan Joyce will remain as CEO of the Qantas Group. Two new entities will be formed and the overall company structure will be as follows:

**Qantas International:** CEO Simon Hickey

**Qantas Domestic:** CEO Lyell Strambi

**Jetstar Group:** CEO Jayne Hrdlicka

**Qantas Frequent Flyer:** CEO Lesley Grant

Management within the group is as follows:

**Group Executive, People and Office of the CEO:** Jon Scriven

**Group Executive, Government and Corporate Affairs:** Olivia Wirth

**General Counsel:** Brett Johnson

**Chief Financial Officer:** Gareth Evans

Jetstar Group CEO Mr Bruce Buchanan and Group Executive Commercial and Freight, Qantas Airlines Mr Rob Gurney will leave the Group as a result of the restructure. Mr Buchanan will continue with Jetstar for the next six months and then provide consultancy services to the Group for an additional 18 months.

#### Contact Officer

Name:

Title:

Mobile:

Last updated:

Landline

#### SES Contact Officer

Stephen Borthwick

General Manager

Policy Branch Aviation Industry

02 6274 7739

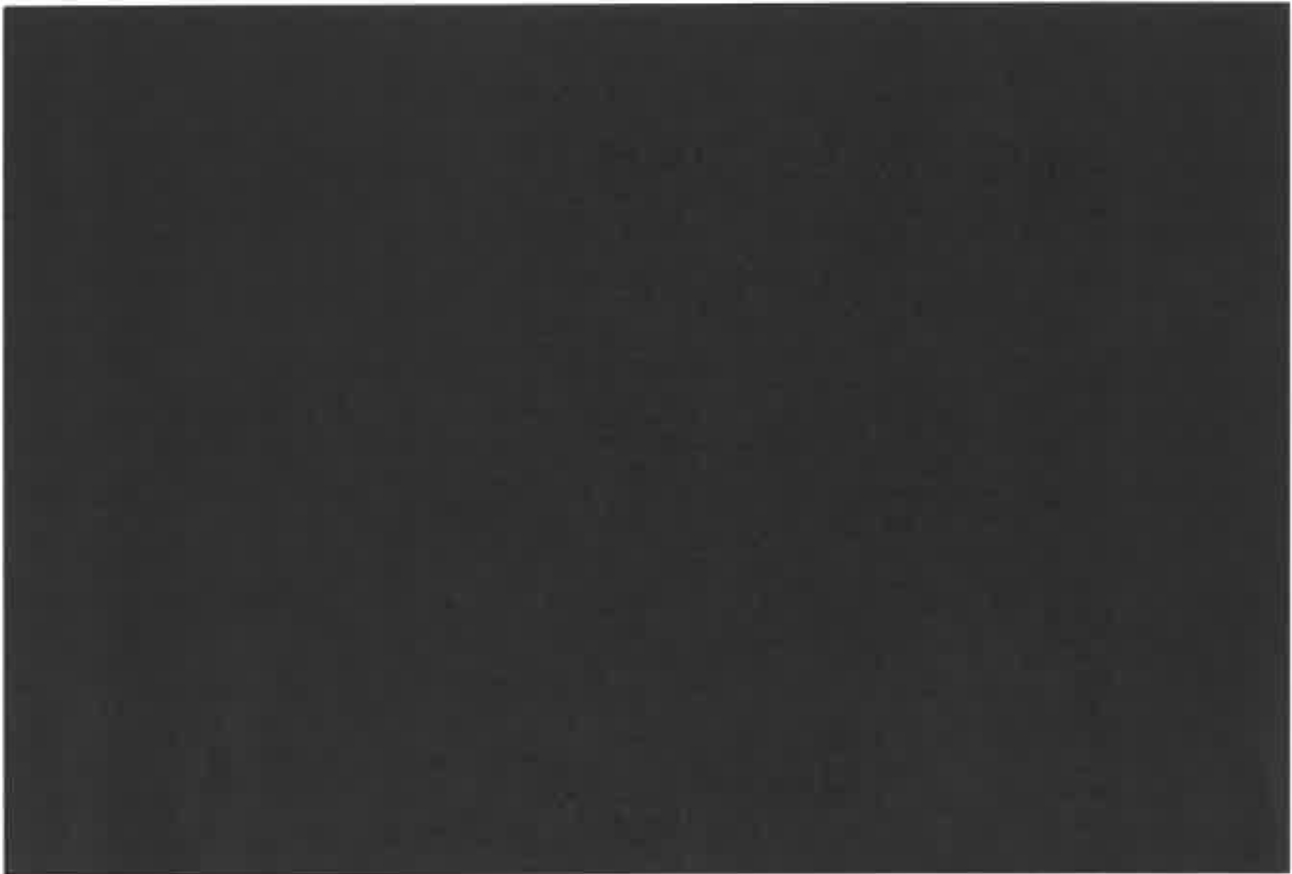


For personal use









25

Name:  
Title:  
Landline:  
Mobile:  
  
Last updated:

---

**Contact Officer**



**SES Contact Officer**

Stephen Borthwick  
General Manager  
6274 7739



19

**Bruford Aidan**

---

**From:** Bruford Aidan  
**Sent:** Wednesday, 23 May 2012 4:31 PM  
**To:** John Burch  
**Cc:** Redmond Ann  
**Subject:** Joyce Briefing [SEC=UNCLASSIFIED]

John,


[REDACTED]

[REDACTED]



## **Qantas Restructure**

### **Talking Points**

- I am aware of Qantas' announcement today on some internal changes to the structure of the company.
  - The Government believes in an Australian-based and majority Australian-owned Qantas.
  - The *Qantas Sale Act 1992* imposes a number of conditions to give effect to the Government's policy, and the Government will ensure these conditions are met.
  - The *Qantas Sale Act 1992* requires that:
    - Qantas' main operational base and headquarters must remain in Australia;
    - Total foreign ownership must not exceed 49 per cent;
    - The name of Qantas must be preserved for the company's scheduled international passenger services;
    - The company must be incorporated in Australia;
    - At least two-thirds of the board of Qantas must be Australian citizens; and
    - The Chairman of the Board must be an Australian citizen.
  - In addition, Australian law requires any airline seeking to use Australian rights and operate international services as an Australian airline to be majority Australian-owned and based in Australia.
- 

### **BACKGROUND**

The Qantas group announced it will restructure its airline businesses and introduce a new management team from 1 July 2012. The group will submit one annual report with each business reporting separately within the report.

Some Qantas critics have previously argued that Qantas has been concealing the true costs associated with the International business to justify the efficiency enhancements of closing maintenance facilities. The restructure is likely to result in increased transparency across the group, particularly with respect to the health of the domestic and international components of the business.

The move is intended to position the Qantas Group as a portfolio business and to ensure it can independently run each business in line with specific priorities and market conditions.

The proposed restructure is internal to the Qantas Group and does not, at this stage, raise any issues for compliance with the *Qantas Sale Act 1992*.

*Company and management structure*

Alan Joyce will remain as CEO of the Qantas Group. Two new entities will be formed and the overall company structure will be as follows:

Qantas International: CEO Simon Hickey

Qantas Domestic: CEO Lyell Strambi

Jetstar Group: CEO Jayne Hrdlicka

Qantas Frequent Flyer: CEO Lesley Grant

Management within the group is as follows:

Group Executive, People and Office of the CEO: Jon Scriven

Group Executive, Government and Corporate Affairs: Olivia Wirth

General Counsel: Brett Johnson

Chief Financial Officer: Gareth Evans

Jetstar Group CEO Mr Bruce Buchanan and Group Executive Commercial and Freight, Qantas Airlines Mr Rob Gurney will leave the Group as a result of the restructure. Mr Buchanan will continue with Jetstar for the next six months and then provide consultancy services to the Group for an additional 18 months.



**From:** Doherty John  
**Sent:** Thursday, 24 May 2012 3:48 PM  
**To:** [REDACTED] Wilson Andrew  
**Subject:** FW: Headlines: Qantas restructures while cutting jobs; 787 arrives in Australia; Sydney Airport capacity confidence; A380 breakeven 'within three years'; and more.  
 [SEC=UNCLASSIFIED]

**From:** Aviation Business [mailto:aviationbusiness@broadcast.yaffa.com.au]  
**Sent:** Thursday, 24 May 2012 11:46 AM  
**To:** Doherty John  
**Subject:** Headlines: Qantas restructures while cutting jobs; 787 arrives in Australia; Sydney Airport capacity confidence; A380 breakeven 'within three years'; and more.



[home](#) | [news](#) | [advertise](#) | [unsubscribe](#)



**May 24, 2012**

While the first of the big Qantas news was breaking earlier this week, I was sampling the airline's superb J-class A380 product on a flight to Hong Kong. What a contrast that was to the next leg, a KLM B744 to Amsterdam. The service was exceptional, but the ambient noise was so much more intrusive than on the newer Airbus. And the cabin crew uniforms took me back at least 20 years.



The airport experience at both Chek Lap Kok and Schiphol left no room for doubt as to why those two airports are considered to be amongst the global leaders. But I have to say that Sydney Airport on departure lost nothing in comparison.

I promised you news from Toulouse this week, but Airbus has imposed an embargo on release of material and this *Headlines* needs to go out before that deadline; so the Airbus news will have to follow hot on its heels.

I'm also catching up with regional aircraft manufacturer ATR while in Toulouse, so there'll be a report on that to follow too.

Still you've had plenty happening closer to home this week, particularly at and

around Qantas. Please check out those and other stories below. And, as always, your comments are welcome - via the invitation at the end of each story.

**Doug Nancarrow**

[dougnancarrow@aviationbusiness.com.au](mailto:dougnancarrow@aviationbusiness.com.au)



### **Qantas restructures in a further move to remain viable over the longer term**

Qantas is now restructuring the business to operate in three separate divisions from 1 July this year. [more»](#)



### **Dreamliner visits Australia to provide the inflight experience**

Boeing has its 787 in Sydney from Thursday as part of the final leg of The Dream Tour. [more»](#)



### **Maintenance consolidation takes Qantas job cuts to more than 5000**

Qantas' announcement this week of a consolidation of its heavy maintenance operations to Brisbane and Avalon will result in a net reduction of 500 jobs.

[more»](#)



### **GippsAero flight tests new 10-seat aircraft**

GippsAero has successfully completed the first flight of its new aircraft, the GA10, the first single turbo-prop to be designed and developed in Australia.

[more»](#)



### **Sydney Airport AGM highlights capacity confidence**

Sydney Airport's potent duo, Max Moore-Wilton and Kerrie Mather, continued to assert that the airport has

**From:** Borthwick Stephen  
**Sent:** Tuesday, 22 May 2012 9:02 AM  
**To:** Chouelfate Michael; Lovell Jaimie  
**Cc:** Mrdak Mike; Wilson Andrew; Doherty John; Redmond Ann; LUCAS Samuel; Bruford Aidan  
**Subject:** QF Talking Points [SEC=UNCLASSIFIED]

6

Michael/Jaimie

Ahead of Qantas' announcement this morning (detail yet to be clarified), we have prepared the following talking points for the Office to draw on. We will update them once we know the details of the Qantas proposals.

Happy to discuss.

Stephen

#### **Suggested talking points**

- I am aware of Qantas' announcement today on some internal changes to the structure of the company.
- The Government believes in an Australian-based and majority Australian-owned Qantas.
- The Qantas Sale Act 1992 imposes a number of conditions to give effect to the Government's policy, and the Government will ensure these conditions are met.
- The Qantas Sale Act 1992 requires that:
  - Qantas' main operational base and headquarters must remain in Australia;
  - Total foreign ownership must not exceed 49 per cent;
  - The name of Qantas must be preserved for the company's scheduled international passenger services;
  - The company must be incorporated in Australia;
  - At least two-thirds of the board of Qantas must be Australian citizens; and
  - The Chairman of the Board must be an Australian citizen.
- In addition, Australian law requires any airline seeking to use Australian rights and operate international services as an Australian airline to be majority Australian-owned and based in Australia.

[REDACTED]

---

**From:** [REDACTED]  
**Sent:** Tuesday, 22 May 2012 10:09 AM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE: New PPQ [SEC=UNCLASSIFIED]

No worries ☺

---

**From:** [REDACTED]  
**Sent:** Tuesday, 22 May 2012 10:09  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE: New PPQ [SEC=UNCLASSIFIED]

Hi [REDACTED]

They are working on it and waiting for the announcement by Qantas.

Will upload it to you as soon as I get it.

Regards

[REDACTED]

*Aviation and Airports  
Department of Infrastructure and Transport  
Phone: 02 6274 [REDACTED] Fax: 02 6274 7804  
Email: [REDACTED]@infrastructure.gov.au*

---

**From:** [REDACTED]  
**Sent:** Tuesday, 22 May 2012 10:07  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE: New PPQ [SEC=UNCLASSIFIED]

Excellent, thanks [REDACTED]. The Qantas Restructure one is fairly urgent.

[REDACTED]

---

**From:** [REDACTED]  
**Sent:** Tuesday, 22 May 2012 10:06  
**To:** [REDACTED]  
**Cc:** [REDACTED]

**Subject:** New PPQ [SEC=UNCLASSIFIED]  
**Importance:** High

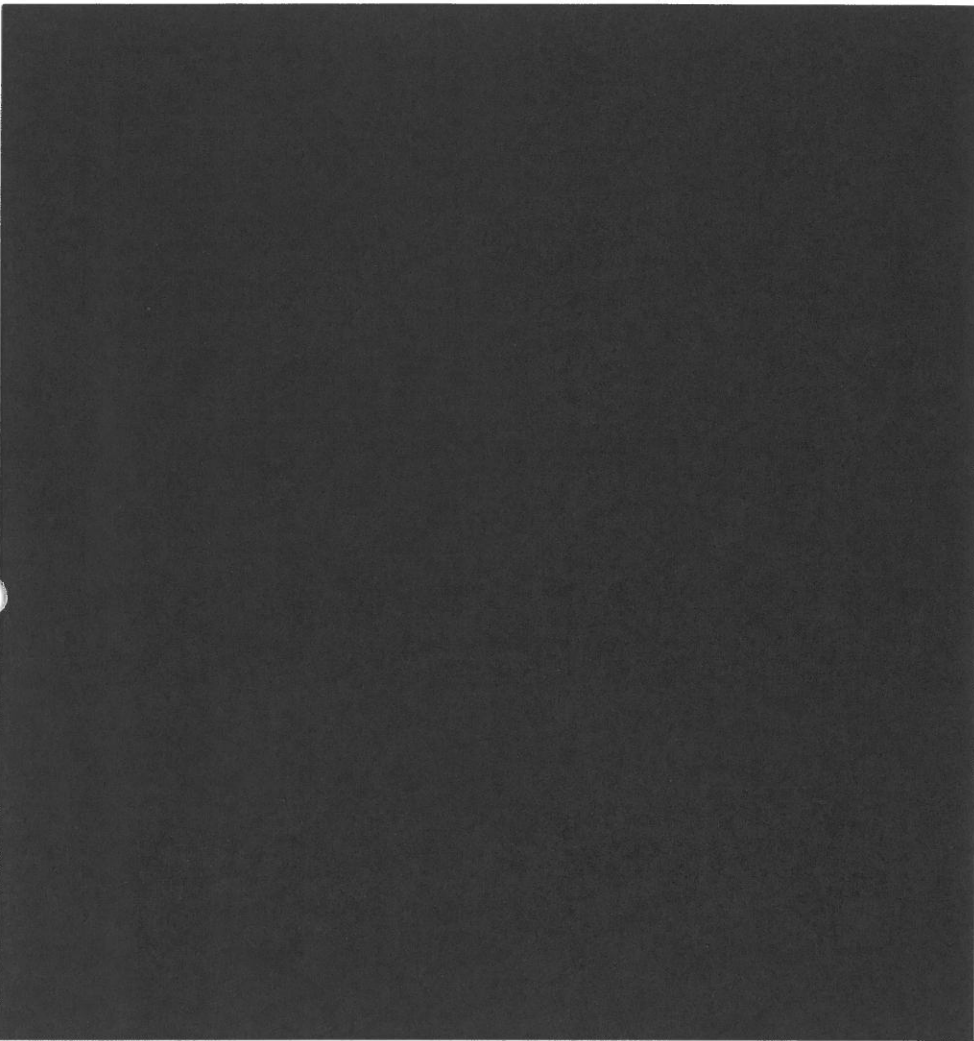
Good Morning [REDACTED]

I have uploaded a new PPQ on [REDACTED]. We will have another one on "Qantas Restructure" later today.

Kind regards

[REDACTED]

*Aviation and Airports*  
*Department of Infrastructure and Transport*  
**Phone:** 02 6274 [REDACTED] **Fax:** 02 6274 7804  
**Email:** [REDACTED]@infrastructure.gov.au



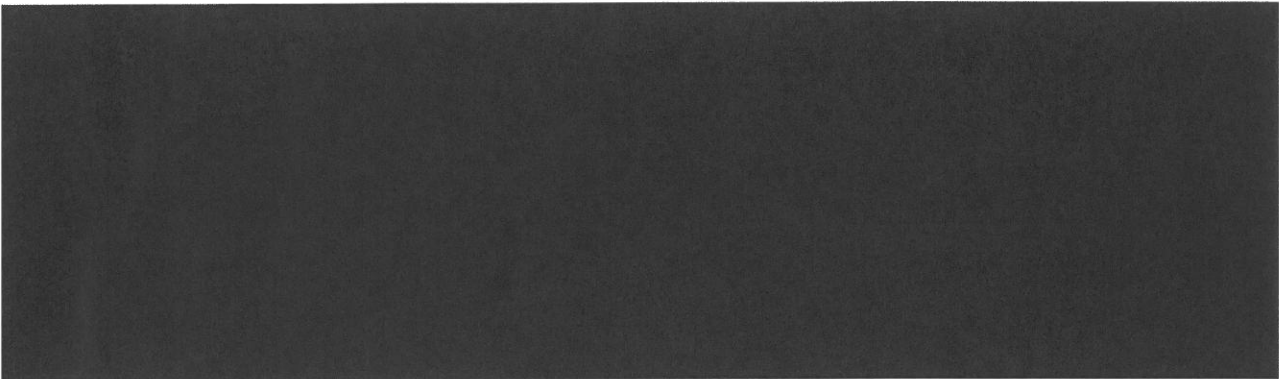
**IN CONFIDENCE**

**Qantas Group Restructure**

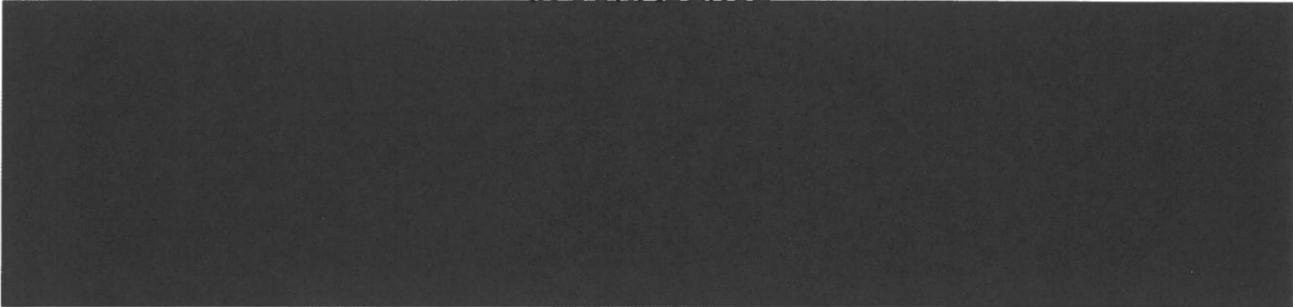
**QUESTION**

How is the Government responding to the announced restructure of the Qantas Group?

**GOVERNMENT POSITION**

- I am aware of Qantas' announcement today on some internal changes to the structure of the company.
  - The Government believes in an Australian-based and majority Australian-owned Qantas.
  - The Qantas Sale Act 1992 imposes a number of conditions to give effect to the Government's policy, and the Government will ensure these conditions are met.
  - The Qantas Sale Act 1992 requires that:
    - Qantas' main operational base and headquarters must remain in Australia;
    - Total foreign ownership must not exceed 49 per cent;
    - The name of Qantas must be preserved for the company's scheduled international passenger services;
    - The company must be incorporated in Australia;
    - At least two-thirds of the board of Qantas must be Australian citizens; and
    - The Chairman of the Board must be an Australian citizen.
  - In addition, Australian law requires any airline seeking to use Australian rights and operate international services as an Australian airline to be majority Australian-owned and based in Australia.
  - At this point the restructure is not contrary to the conditions set out in the Qantas Sale Act 1992.
- 

**IN CONFIDENCE**



**BACKGROUND**

The Qantas group announced it will restructure its airline businesses and introduce a new management team from 1 July 2012. The group will submit one annual report with each business reporting separately within the report. This may increase reporting transparency across the group, particularly with respect to the health of the domestic and international components of the business.

The move is intended to position the Qantas Group as a portfolio business and to ensure it can independently run each business in line with specific priorities and market conditions.

**Company and management structure**

Alan Joyce will remain as CEO of the Qantas Group. Two new entities will be formed and the overall company structure will be as follows:

**Qantas International:** CEO Simon Hickey

**Qantas Domestic:** CEO Lyell Strambi

**Jetstar Group:** CEO Jayne Hrdlicka

**Qantas Frequent Flyer:** CEO Lesley Grant

Management within the group is as follows:

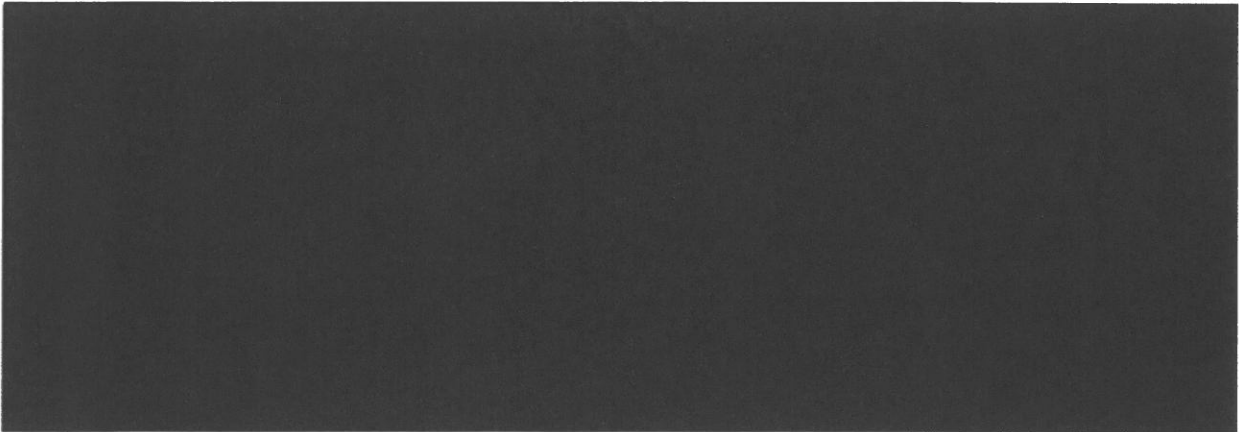
**Group Executive, People and Office of the CEO:** Jon Scriven

**Group Executive, Government and Corporate Affairs:** Olivia Wirth

**General Counsel:** Brett Johnson

**Chief Financial Officer:** Gareth Evans

Jetstar Group CEO Mr Bruce Buchanan and Group Executive Commercial and Freight, Qantas Airlines Mr Rob Gurney will leave the Group as a result of the restructure. Mr Buchanan will continue with Jetstar for the next six months and then provide consultancy services to the Group for an additional 18 months.



**IN CONFIDENCE**

---

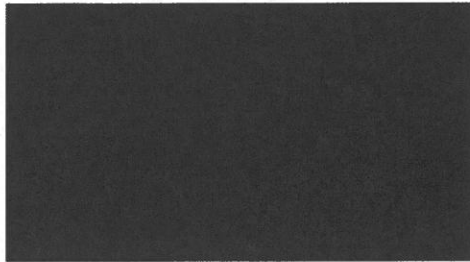
Name:

Title:

Landline:

Mobile:

Last updated:



**SES Contact Officer**

Stephen Borthwick  
General Manager – Aviation Industry  
Policy Branch  
02 6274 7739

