

IN THE FAIR WORK COMMISSION

Matter No.: AM2018/14

Re Application by: Australian Federation of Air Pilots

SECOND WITNESS STATEMENT OF SIMON JON LUTTON

1. I have read the Statement of Tracie Deegan (“**Deegan Statement**”), General Manager, HR & Development of Alliance Airlines Pty Ltd (“**Alliance Airlines**”) of 5 July 2019.
2. In response to paragraph 3 of the Deegan Statement, yes, training bonds have formed part of the terms of enterprise agreements at Alliance Airlines.
3. In response to paragraph 4 of the Deegan Statement, yes, the reason for the change Ms Deegan notes around 2018 is that the Australian Federation of Air Pilots (“**AFAP**”) became aware of various decisions regarding how the BOOT was being applied which differed to the traditional view of the AFAP as outlined at paragraphs 21 and 22 of my previous witness statement and the policy adopted by the Office of the Employment Advocate (“**OEA**”) as attached to my previous witness statement. The traditional view of the AFAP was to negotiate training bonds into enterprise agreements in exchange for other benefits in the enterprise agreement. In summary, it appeared to the AFAP that the while the former No Disadvantage Test was a broad assessment regarding whether, on balance, the proposed agreement was better than the underlying award, the BOOT appeared to have been interpreted as a more individual assessment such that individuals in any scenario could not be left worse off than they would have been had they been employed under the underpinning award.
4. In response to the change, or perceived change, in the application of the BOOT, the AFAP and some employers began to look closer at and change how training bonds were negotiated in enterprise agreements. Some employers, such as QantasLink and Jetstar, abandoned initial training bonds in their current enterprise agreements. Others, most notably at Virgin Australia Regional Airlines, came up with the concept of a ‘reconciliation clause’ such that anyone who breaks a training bond has a reconciliation conducted such that it does not result in them earning

Lodged by: Applicant

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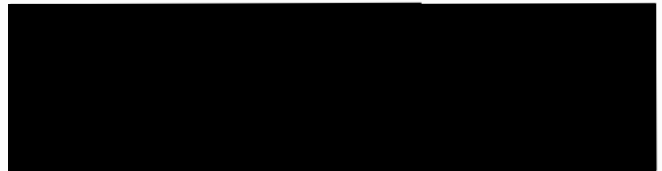
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less remuneration than they would have if employed under the underpinning award, the *Air Pilots Award 2010* (“**Modern Award**”).

5. I was directly involved in the negotiation of the *Alliance Airlines Pilots’ (F100 Perth) Enterprise Agreement 2016*. This agreement contained a 2 year training bond for \$30,000 for initial simulator training at clause 27.1 and a 1 year training bond for \$15,000 for upgrade training at clause 27.2. The *Alliance Airlines Pilots’ (F100 Perth) Enterprise Agreement 2016* also contained a ‘reconciliation clause’ at clause 27.4. The AFAP supported the approval of this agreement.

6. In response to paragraph 5 of the Deegan Statement, a key concern raised by the AFAP during the approval process of the *Alliance Airlines Pilots’ (Brisbane, Townsville and Cairns) Enterprise Agreement 2018* and subsequent agreements listed at paragraph 5 was the failure to specify an amount of the training bond. This contrasted the *Alliance Airlines Pilots’ (F100 Perth) Enterprise Agreement 2016* which specified an exact training bond amount of \$30,000 and \$15,000 respectively.



Simon Jon Lutton

26 July 2019