(Khadem, N., 2025)
[18 Aug 2025]

Federal Court fines Qantas $98 million penalty for illegally outsourcing ground handling workforce

2:52 pm on 18 August 2025

By business reporter Nassim Khadem, ABC

Photo: WILLIAM WEST/AFP

Airline giant Qantas will face a $90 million (NZ$98m) penalty over its decision to illegally outsource more than 1800 ground handling jobs during the COVID pandemic.

Federal Court Justice Michael Lee said on Monday the penalty must "bear some resemblance" to the maximum $121 million - and should be no less than $90 million, which is 75 percent of the maximum.

He said $50 million of the penalty should be paid to the Transport Workers Union (TWU).

How the remaining $40 million balance will be paid - and whether it will go to workers - will be decided at a later hearing.

It follows a 2020 decision by Qantas to outsource its ground handling workforce, which the Federal Court later found to be illegal.

The TWU had called for the airline to be fined a maximum of $121 million, in addition to the $120 million in compensation it's required to pay the affected employees.

Qantas had argued the court instead impose a "mid-range" penalty between $40 million and $80 million.

Justice Lee said Qantas had shown the "wrong kind of sorry", whereby it worried more about the impact on the company rather than the impact the case had on the illegally sacked workers.

The fact that former CEO Alan Joyce's name was kept out of direct involvement in the outsourcing decision left Justice Lee "a sense of disquiet and uncertainty as to precisely what went on within the upper echelons of Qantas leading up to the outsourcing decision".

Former Qantas Group CEO Alan Joyce. Photo: AFP / Peter Parks

Justice Lee also noted that that the airline's chief people officer, Catherine Walsh, apologised for the company's behaviour during hearings, but "it seemed to be obvious that the person who could give the most direct and compelling evidence of corporate change and contrition" was CEO Vanessa Hudson.

"I accept that Miss Walsh is a sincere and competent professional who will do her personal best to prevent a re-occurrence of contravening conduct. As the person responsible for industrial relations, she now reports directly to the CEO," Justice Lee said.

"But given the extent of the cultural problem revealed by this case, I would have been much more persuaded (about) the genuineness of contrition if her evidence had been supplemented by a member of senior management who was present when the proposal was socialised and evaluated, and explained why things went so wrong, how they had been converted in new ways of doing things, and how lessons have been learnt.

"Time will only tell whether the undoubted good intentions of Miss Walsh will prevail. The scope of the task ... not to be underestimated.

"The strategy adopted by Qantas at the compensation hearing rather suggested an industrial relations culture that has very deep, very deep roots. Despite high level representations of change following the departure of some key personnel in 2023."

Justice Lee said while Qantas ended up later expressing "genuine regrets", that "this more likely reflects the damage this case has done at the company rather than unique remorse for the damage done to the affected workers".

He said the airline "resisted until it could resist no more".

"And, as on multiple occasions prior to this hearing, sought to explain the way as representing no moral or ethical failure."

Record penalty shows 'courts won't tolerate blatant attacks on workers' rights'

Maurice Blackburn Lawyers principal Josh Bornstein said the penalty is the biggest ever ordered by a court for violations of industrial relations laws in Australian history, and meant corporate Australia was on notice that courts "would not tolerate blatant attacks on workers' rights".

"This record-breaking penalty reflects the monumental scale of Qantas's wrongdoing and the court's concern that Qantas and the business community need to understand that calculated, mass violations of workplace laws may result in severe financial punishment," Bornstein said.

He said Qantas, under former Joyce's leadership, "seized the opportunity presented by the COVID pandemic to realise its long-held aim - to rid its operations of the TWU and its members working as baggage handlers and ground staff".

"This was a carefully planned and executed union-busting operation," Bornstein said.

"Qantas worked for months on its plan to try and avoid an adverse outcome in a legal challenge. Qantas tried to hide the involvement of Alan Joyce in the plan. The plan fell apart once Qantas had to hand over documents and its executives were cross examined in the Federal Court."

He said the payment of the penalty to the TWU reflects the risks it took to pursue the case on behalf of its members and other employees of Qantas, and "should encourage others to pursue compliance with industrial relations laws".

TWU national secretary Michael Kaine said in 2020 more than 1800 Qantas workers took on a "huge and audacious battle" against the airline.

Qantas CEO Vanessa Hudson. Photo: AFP / Qantas

"Today's decision is a final win for both those workers and the tens of thousands of other TWU members who backed them every step of the way," he said.

"These were committed Qantas workers who had done nothing wrong and had loyally served this company, in many cases for decades.

"They [Qantas workers] weren't just sacked, they were told by Qantas that they were delusional for questioning it. This ruthless, self-interested and illegal calculation to kick them to the curb has rightfully merited the largest ever penalty of its kind."

He said the $90 million penalty was a "message to corporate Australia that workers will stand up for what's right".

Labor senator Tony Sheldon said the case "now marks three major legal defeats for Qantas in recent years - a deeply damning pattern".

"The courts have found it unlawfully stood down a union health and safety rep for raising COVID concerns, illegally sacked its ground crew, and now must be penalised for breaching the Fair Work Act," Sheldon noted.

In May 2024, Qantas faced a $100 million penalty for misleading customers by selling tickets to flights that had already been cancelled. The airline was sued by the Australian Competition and Consumer Commission (ACCC).

In November 2023, Qantas was found guilty of illegally standing down worker Theo Seremetidis who had raised concerns about COVID-19 risk to staff who were cleaning aircraft arriving from China in the early phases of the pandemic.

*-**ABC***