

Resolutions to be considered:

Resolution 1:

Consideration of Reports
ASA will vote: Not Indicated

We wrote to the company and met with representatives to go over a number of financial performance and corporate governance issues. While recognising the potentially volatile nature of the business and its plans for growth we asked the board to consider increasing the dividend payout ratio that in 2004 was at its lowest level in five years. In recent years the company appears to have adopted a policy of holding down dividends while increasing directors' fees.

Resolution 2:

Questions and Comments
ASA will vote: Not Indicated

In its Notice of Meeting the company has given shareholders the opportunity to ask questions relevant to the AGM. We took the opportunity to put a number of questions to the company on behalf of retail investors and consideration will be given to addressing these issues at the AGM.

Resolution 3.1:

Re-elect Non-Executive Director, Margaret Jackson
ASA will vote: Against

Qantas is a top 100 Australian listed company with significant international operations, volatile earnings and challenging security issues. The above average level of commitment and responsibility is reflected in the chair's \$400,000 fee (four times that of other non-executive directors).

Margaret Jackson has been a member of the Board since 1992 and a Chairman since 2000.

Using ASA Guidelines Ms. Jackson is over committed due to her additional responsibilities with Southcorp (Deputy Chair), ANZ Bank (Director) and Billabong (Director).

The ASA does not believe a director can adequately supervise and run a company when they have so many commitments on the boards of other companies.

Resolution 3.2:

Re-elect Non Executive Director, Mike Codd
ASA will vote: For

Mike Codd retires by rotation and, being eligible, offers himself for re-election as an independent Non-Executive Director. Mr Codd has been a director on the Board since 1992.

Mr. Codd's experience is needed due to the resignation of two BA appointees - particularly to provide continuity with the Safety, Environment and Security Committee of which he is currently the Chairman.

Resolution 3.3:

Elect Non Executive Director, Patricia Cross
ASA will vote: For

Patricia Cross was appointed by the directors as an independent non-executive director in 2004 to fill a casual vacancy.

Mrs. Cross is also a director of Wesfarmers Limited. Her selection to the Board seems appropriate.

Resolution 3.4:

Elect Non-Executive Director, James Packer
ASA will vote: Against

James Packer was appointed by the directors as an independent non-executive director in 2004.

Mr. Packer is the Executive Chairman of Publishing & Broadcasting Limited. He is also the joint CEO of Consolidated Press Holdings Limited and director of Challenger Financial Services Group Limited, Foxtel and Hoyts Cinemas Limited.

As such it is doubtful if he has adequate time available to devote to his duties at Qantas. The ASA does not believe a director can adequately supervise and run a company when they have so many commitments on the boards of other companies.

Resolution 4:

Non-Executive Director Fees
ASA will vote: Against

We have noted the very significant increase in the non-executive director fee pool in recent years and have asked the chairman to provide shareholders with a round figure budget in support of this application for yet another increase.

From the information available, the amount requested appears excessively high especially when looked at in conjunction with the fact that during the same period dividends to shareholders have not increased.

Resolution 5:

Qantas Deferred Share Plan - Executive Director
ASA will vote: For

The share plan vests at 75% achievement of balanced scorecard targets that have been set with stretch hurdles.

The increased transparency is welcome and we have asked the company to explain how the quantum of awards to the CEO and CFO were arrived at by the Board.

The increasing level of director and executive remuneration has not been reflected in the dividends paid to shareholders.

Resolution 5.1:

Participation in the plan by Geoff Dixon
ASA will vote: For

Resolution 5.2:

Participation in the plan by Peter Gregg