

23 April 2020



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Ms Scully-Leaf,

**Concern Qube Logistics Pty Ltd (Qube) has not met the good faith bargaining requirements.**

I write in response to your letter dated 16 April 2020 raising concerns with regard to Qube's alleged breach of its obligations for good faith bargaining under the Fair Work Act 2009.

I would like to clarify Qube's intent in relation to the negotiations and respond to some of the implied misleading information you have referred to in your correspondence.

In relation to the re-negotiation of a replacement enterprise Agreement Qube is happy to continue with the negotiations, we are however unable to continue with the most recent terms as discussed between Kevin Pryor and myself which is a 4-year agreement with increases of 3%, 3%, 3.5% and 3.5%.

The current climate and the way the Qube Rail business is currently placed means Qube has had to re-consider that offer, that does not mean we will cease to bargain. The bargaining process allows for either party to alter their position until such time as the document has been voted upon and accepted. The RTBU submitted multiple Logs of Claim throughout the process to date as they are entitled, like wise Qube is amending its position. I am happy to continue to bargain for a replacement enterprise agreement just not on the terms most recently discussed.

By way of background, I would like to provide some context to the quote you have relied on from our ASX announcement from 6 April 2020 specifically "normal volumes of work with minimal disruptions or slowdowns for bulk and that Qube continues to benefit from its diversified operations, with positive earnings and cashflow".

The excerpt that you have selected from the ASX announcement refers to Qube's Bulk Division. Qube operates multiple divisions which does provide for a diversified operation. The Bulk division referred to is primarily based in Western Australia and deals in the mining sector. The Rail business that is covered by the enterprise agreement currently being negotiated is part of the Qube Logistics division and is based in NSW. The different divisions trade independently and operate under different ABN's and Industrial Instruments. Each business is required to be independently viable and therefore each Enterprise agreement is negotiated with the specific operational and financial conditions that apply in mind. The quote you have used or more importantly the interpretation you have applied to the quote is in fact a misrepresentation of the Qube corporate structure and the financial position of the rail business.

I am proposing that I engage with Kevin Pryor to recommence negotiations and establish some times to discuss the agreement. It goes without saying that the current Covid-19 crisis does not lend itself to a group meeting as we would traditionally have and as such we will need to establish alternative meeting arrangements.

Regards,

Dan Coulton  
GM IR Qube