Australian unions help destroy thousands of airline jobs

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The Australian Council of Trade Unions (ACTU) and its affiliates are playing a key role in allowing the management of the country's two main airlines—Qantas and the collapsed Ansett (currently under administration)—to eliminate thousands of jobs and shatter long-standing working conditions in the industry.

The airline chiefs, like their counterparts overseas, are cynically using the global political climate created by the September 11 terror attacks in the US to carry through massive attacks on jobs and workers' rights. Worldwide, an estimated 150,000 jobs have been shed by airlines over the past month.

Even before this job rout, the Australian unions had worked with airline managements to quell opposition among workers to Qantas' slashing of 1,200 jobs in February and the further destruction of jobs when Qantas bought out Impulse, the third largest domestic carrier. Since Ansett's liquidation was announced on September 11, just before the American events, the collaboration with management has only deepened.

This week, Ansett's creditor-appointed administrators, assisted by the unions, put in place measures that will see the final carve-up of the failed airline. It is now clear that more than 8,500 Ansett workers will lose their jobs with the selling off of the scaled-down budget carrier Ansett Mark II, which has been in operation since September 29.

The latest machinations revolve around a deal brokered by the administrators with the Howard government last weekend under which the government will provide up to $192 million to fund some of the accrued entitlements for over half Ansett's 16,000 employees.

Departing staff will receive only four weeks wages in lieu of notice, plus outstanding annual and long service leave and redundancy pay of up to eight weeks. Thousands of workers with long years of service will lose millions of dollars. Those with 20 years service, for example, are entitled to more than 90 weeks pay.

The co-administrators, Mark Mentha and Mark Korda, said on Monday that the precise number of job losses was a "work in process" but confirmed that their calculations were based on 8,500 workers accepting redundancies. Letters have been sent asking staff for expressions of interest "to take redundancy now".

ACTU secretary Greg Combet welcomed the deal with the government and immediately pledged that the unions would work even more closely with the administrators "to ensure that Ansett retained the necessary skills to keep the airline running". At a September 19 creditors and shareholders meeting, the ACTU was brought on to the administrator's committee to directly assist in selling off Ansett assets to cut-price operators.

Accordingly, the unions have kept Ansett workers engaged in limited protests, while actively discouraging them from seeking alternative employment, holding out the hope of resurrecting the airline. As Combet's remark confirms, the exercise has nothing to do with defending jobs. It is a cynical operation designed to ensure that the workers remain on tap for the convenience of the administrator and the creditors, which include major banks. As Chris Ryan, a union official involved in the negotiations, told the *Australian*: "If Ansett can be kept flying, it's clearly in the creditor's interests for that to occur."

The deal with the government hinged on the ACTU assisting the administrator to prevent a $150 million settlement payment by Ansett's former parent company Air New Zealand from being used to partly fund the $868 million in outstanding entitlements owed to workers. In return for the Air New Zealand payment, the administrator agreed to forgo all inter-company debts and any further claims on Air NZ, including for the workers' entitlements.

The ACTU insisted that the entire $150 million from Air NZ be poured into Ansett Mark II. The government attempted to use the money to renege on its own commitment to fund workers entitlements, but finally agreed last weekend to allow $100 million of the Air NZ funds to be injected into Ansett Mark II.

The ACTU was crucial in heading off potential opposition from Ansett workers to effectively handing over the $100 million to a new owner, at the cost of workers' entitlements. Last week Combet warned workers that opposition to the investment would affect the continued operation of Ansett Mark II, turn away perspective buyers and end any chance of workers regaining their jobs.

The unions and the administrator were simply calculating that the large cash injection would make Ansett Mark II a more attractive proposition for the five buyers reported to be interested in taking it over. There are already indications that the new owner, whoever it is, will be looking to the unions to deliver substantial cost cutting.

Today, the administrators retrenched about 500 Ansett call centre workers, saying no buyer could be found for the airline's call centre business. The Australian Services Union (ASU) immediately accepted the job losses, presenting them as unavoidable. ASU airlines organiser Ted Tamplin said staff members had "taken it very bad" but "they were told today by the administrator that it just wasn't possible" to save their jobs.

One of the Ansett contenders favoured by the ACTU, and the Howard government, is a consortium headed by trucking magnate Lindsay Fox and millionaire former Coles Myer owner Solomon Lew, backed by former ACTU secretary Bill Kelty, who sits on the board of Fox's company LinFox. Fox has made it clear the consortium will employ only 4,000 of the 16,000 staff and expects a similar, or lower cost structure than that negotiated by the unions with Virgin Blue when it set up operations in Australia last year.

Virgin's cabin crews are paid 30-35 percent less than at Ansett and Qantas, while the pay rate for baggage handlers and check-in staff is 14-18 percent less. An article in the October 6 *Australian Financial Review* pointed to Virgin's cost advantage, saying: "Fox, Lew and Singapore Airlines will be looking for a similar cost base at Ansett or they will walk away."

Deputy Prime Minister John Anderson attended today's announcement of the Fox-Lew bid at Fox's Avalon airport, west of Melbourne, along with Labor Party transport spokesman Martin Ferguson, Victorian Labor Premier Steve Bracks and ACTU assistant secretary Bill Mansfield. Fox said the syndicate was in advance discussions with unions, federal and state governments and the administrators.

On behalf of the government, Anderson immediately promoted the bid, declaring that Ansett workers should be "buoyed" by the proposal. There is every indication that the unions will agree to the plan. Union officials met Fox and Lew at Fox's Toorak mansion earlier this month and ASU Victorian secretary Martin Foley said negotiations on issues such as workers' wages, conditions and numbers were continuing.

Having already seized most of Ansett's 40 percent or so share of the domestic market over the past two months while hiring only 300 extra staff, Qantas is intent on consolidating its position by imposing cuts in wages, staffing levels and working conditions.

Qantas chief executive Geoff Dixon told the company's annual general meeting on Thursday that it would seek a pay freeze and other concessions from the unions, including the elimination of allowances and restrictions on demarcation and rosters. Despite higher insurance and fuel costs, he predicted that the airline would match last year's profit of near $600 million—largely thanks to Ansett's demise—and announced it would buy 17 new planes at a 45 percent discount from desperate aircraft makers.

Last week, Dixon issued a memo to staff foreshadowing demands for major reductions in labour costs when management meets with the 11 airline unions next Monday. "We are seeing a downturn in our international operations and no increase in forecast demand for the next six months," the memo stated. "While the impact is not yet severe for Qantas as for other overseas airlines... it is prudent we act now."

Immediate measures included the axing of two daily flights to the US and "a freeze on all discretionary expenditure and non-operational expenditure," a 10 percent cut to executive staff positions and a freeze on executive salaries. The memo also outlined a "freeze on appointments or replacement of contractors and consultants and any non-operational staff."

The memo warned that the Ansett collapse would lead to "a major overhaul" of labour structures and work practices in the domestic airline industry and stressed that "Qantas would seek to match any cost reductions achieved by Ansett Mark II".

Qantas is also preparing to launch a low-cost international airline, Australian Airlines, further undermining workers' conditions. In February this year suspended services to China and Canada, without any union opposition.