

# Australian airline plans all-out assault on maintenance workers

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A dispute at Qantas, Australia's largest air carrier, could easily become the launching pad for an offensive by the Howard government, which is intent on advancing a new industrial relations agenda, paving the way for corporate job-shedding and sweeping cuts to working conditions.

In a secret ballot last week, 2,500 Qantas maintenance workers overwhelming rejected a new enterprise work agreement based on an 18-month wage freeze offset by a productivity-based bonus. The bonus, of between 1 percent and 10 percent, would be paid only if the company achieved a profit to match, or better, last year's \$600 million. Workers are demanding 4 to 6 percent cost of living wage increases over two years.

In a leaked internal briefing note to its production managers, Qantas management declared: "If we are going to have a major dispute, now is the time." The company was prepared to "escalate the action to force a resolution" and "use this dispute as a catalyst for change and better workplace behaviour".

Far from denying the document, Qantas executive David Forsyth this week insisted that the company would not give in to the "maintenance unions' unreasonable stance". Another Qantas spokesman confirmed the existence of "contingency plans" for a prolonged dispute. "Even if there's further industrial action we have a range of contingency plans to ensure our service won't be disrupted over Christmas," he said.

Qantas has undertaken another provocation calculated to inflame the dispute. Even as the secret ballot was taking place, the company announced a \$14 million undertaking to send its Boeing 767 fleet to Singapore next year for maintenance. It already sent three of the aircraft there in October.

The move to outsource to Singapore was sure to cause alarm among maintenance crews in Australia who fear more job cuts. The company has previously announced it will axe more than 2,000 jobs across its operations by the end of the year. The unions covering the maintenance workers say their members may be singled out for dismissals in reprisal for their defiance over the pay freeze.

The internal Qantas memo comes in the wake of a recent statement by Workplace Relations Minister Tony Abbott signalling the government's determination to support any employer willing to engineer a conflict with its workforce. In recent weeks, various companies have provoked industrial disputes, including Yallourn Power in Victoria's Latrobe Valley, BHP-Billiton's steel division and three major banks.

Qantas' threats follow its announcement of the launch of Australian Airlines, a budget-price airline to operate on a number of Asian routes. Qantas chief executive Geoff Dixon said "everything is up for grabs" in relation to maintenance arrangements for the new airline.

Dixon has previously spoken of changing working conditions in the new airline and throughout Qantas to cut costs by 35 percent. According to Dixon, the targeted cuts would bring Qantas within 5 percentage points of the cost structure of its domestic competitor Virgin Blue.

Airline unions negotiated substantially lower pay and working conditions for Virgin staff when it was launched in Australia last year. Virgin also outsources all its fleet maintenance work.

Qantas wants to impose the pay freeze and other cuts well before the new domestic budget-price carrier Ansett Mark II is fully up and running. The rival is being put together out of the wreckage of Ansett, which

collapsed in September, leaving Qantas with about 80 percent of the domestic market.

This week, an American consortium joined the Ansett Mark II project headed by Australian business tycoons Lindsay Fox and Solomon Lew, offering to take a 35 to 49 percent share. William Franke, who drastically restructured the bankrupt America West airline in the 1990s, and David Bonderman, who did the same at Continental Airlines before buying into the Irish budget carrier Ryanair, will no doubt push for further cuts at Ansett.

Ansett this week reached enterprise agreements with five unions, which Fox said would undercut Qantas' cost structure by 25 percent. The deals, backed by the Australian Council of Trade Unions (ACTU), include a three-year wage freeze, in return for future bonuses—similar to Qantas' demand. ACTU secretary Greg Combet said the agreements provided for a “substantially improved cost structure” to make Ansett “a pretty lean, mean, productive, efficient operation”.

The unions have worked to undermine any united stand by Qantas and Ansett workers. Nine of the 11 unions at Qantas accepted the pay freeze almost immediately when it was unveiled in October, leaving the maintenance workers to fight on their own. This divisive action has not been opposed by the ACTU or the two unions involved in the maintenance dispute—the Australian Manufacturing Workers Union (AMWU) and the Australian Workers Union (AWU).

Faced with angry resistance by their members, the AMWU and AWU leaders have contained workers to limited protest stoppages, leaving flights unaffected. Following publication of Qantas' leaked memo, AWU national secretary Bill Shorten rushed to assure the company that the unions were not “seeking to interfere with Christmas flights ... that's not our agenda”.

Shorten pleaded with the company to submit to a private arbitration hearing. Qantas management contemptuously dismissed the offer, saying the wage freeze was “non-negotiable”. The union's grovelling attitude will only encourage Qantas and other employers to go on the offensive.



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