

Australian union chief jeered as Qantas workers throw out pay deal

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23 January 2002

Airline unions were sent scurrying back to the negotiating table last week after aircraft maintenance workers at Qantas in Melbourne and Sydney ignored a union recommendation and overwhelmingly rejected a new enterprise agreement. The unions' Single Bargaining Unit had signed off on the deal on January 10.

At the 614-strong Sydney meeting on January 16, workers booed and jeered Australian Manufacturing Workers Union (AMWU) national secretary Doug Cameron before voting down by a two-to-one margin the union-brokered pay deal. The day before, a mass meeting of maintenance workers in Melbourne rejected the agreement by a similar margin. Cameron had urged workers at both gatherings to endorse the deal, saying it was a "great victory given the present climate in the aviation industry".

Under the proposed work agreement, maintenance workers, who have not had a pay increase for over 12 months, would have been forced to drop their demand for an unconditional 6 percent pay rise, and accept a 2 percent pay increase from July 1, followed by two further rises of 2 percent at six month intervals. These pay increases were conditional, however, on the maintenance workforce achieving as yet undefined productivity targets. The deal also included a 3 percent bonus at the end of 18 months but only if the company matched last year's profit of \$597 million.

Contrary to Cameron's claims that the union had achieved a "victory" over the company's demand for an 18-month wage freeze, the deal provided Qantas with even greater concessions, setting a new benchmark for its entire operations. Not only does it deliver a "wages pause" that will save Qantas millions of dollars but it would tie wage increases directly to productivity gains for the first time.

It is little wonder that Qantas hailed the "landmark agreement". Executive general manager for aircraft

operations, David Forsyth, all but invited other airline unions that had accepted the 18-month pay freeze in October to return to the negotiating table. "They will probably come back to us and say, OK, you've done this deal... we want to do a similar deal with you," Forsyth said.

Business circles were also approving. Troy Angus, a portfolio manager at Rothschild Australia Asset Management, described the agreement as "setting a long-term foundation for future talks" and "effecting change in workplace culture and getting people used to performance-based wage increases." The markets responded by pushing Qantas shares up five cents to \$3.94.

The rejection of the deal was a serious blow for both Qantas management and the union leadership who have been working together since October to thrash out cost-cutting measures to improve the competitive position of the airline. From the outset of the dispute, the two maintenance unions ensured that any industrial action was limited and had no effect on flights and services. Officials made no criticism of the other unions that accepted the pay freeze and left maintenance workers out on a limb.

In the wake of last week's vote, Qantas manager David Forsyth warned: "We're not going to roll over... and we are not going to put money on the table without a corresponding benefit to the company in terms of reduced costs." He said that Qantas would use all options available to prevent further industrial action and work bans, including legal action in the Australian Industrial Relations Commission.

Forsyth's threat is in line with an internal Qantas memo to its production managers in December stating that the company was willing to escalate the dispute in order to inflict a defeat on the workforce and use this as "a catalyst for change and better workplace behaviour".

Qantas could become the arena for a major confrontation with far-reaching consequences for other

workers. Forsyth's reference to legal action is significant and may indicate that the Federal Liberal government is preparing to back the company.

Following the federal elections last November, Prime Minister John Howard announced that industrial relations would be central to his third-term government's program. Workplace Relations Minister Tony Abbott declared the government would support any employer seeking to push through workplace changes and specifically offered to back legal action by employers in the industrial courts.

The unions are desperately seeking to defuse the dispute. The AMWU has reopened negotiations hoping to wear down rank-and-file opposition and eventually ram through the deal. Despite the overwhelming rejection of his proposal, Doug Cameron arrogantly told the media: "Over a period of time my position will be tested and I think it will stand up."

AWU national secretary Bill Shorten did not recommend the agreement at the mass meetings, but he has no fundamental differences with Cameron. In fact, the AWU had all but decided last October to embrace the 18-month pay freeze and only backed away at the last minute in the face of sharp opposition from union members. Shorten has only distanced himself from Cameron in order to better sell the arrangement at a later date.

The cosy relations between the union leaders and Qantas management were underscored by an article in the *Australian Financial Review* on Monday, praising the "hands-on approach" of Qantas's chief executive Geoff Dixon to industrial relations. "He doesn't hesitate to pick up the phone and call the union leaders to press a point or chew the fat," it noted. "Although employees last week voted down his proposal, he has the respect of the union leaders."

Qantas management is clearly relying on Cameron, Shorten and other union bureaucrats to overcome the resistance of workers to the further undermining of their wages and conditions.



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