

Australia: Ansett workers still not paid their full entitlements

Terry Cook
2 December 2003

Despite waiting more than two years, former Ansett Airlines workers will still not be paid the entire \$760 million owed to them in entitlements following the financial failure of what was once Australia's second largest domestic air carrier in September 2001. The corporate collapse resulted in the destruction of over 16,000 jobs.

Workers have only been paid \$335 million through a loan advanced by the federal government to the Ansett administrators. The loan covered outstanding wages, accrued long service and annual leave entitlements but just a portion of severance pay. The redundancy payouts were capped at the equivalent of just eight weeks salary, which in the vast majority of cases fell far short of the amounts owed. Staff with 20 years service were entitled to 90 weeks pay.

While \$360 million was still outstanding to Ansett workers, \$415 million raised from the disposal of Ansett assets was tied up a legal wrangle between the Ansett administrators and the trustees of the Ansett Ground Staff Superannuation Plan. In a dispute that dragged on for almost two years, the trustees were suing the administrators for \$180 million.

On November 26, the Federal Court finally sanctioned an in-principle agreement ending the protracted dispute and facilitating the immediate release of \$300 million being held by the administrators. The superannuation fund trustees will not receive any of the money. They have dropped their claim and the fund will be wound up.

Ansett workers, however, will still not get what is due to them. They will receive just \$150 million, possibly by the end of the year or early 2004. The remaining \$150 million will go to the Howard government. Even though the deal means Ansett workers will be robbed of what is rightfully theirs, the settlement was hailed as a "major breakthrough" by the Australian Council of Trade Unions (ACTU), which is supposedly representing their interests.

In a media statement on November 25, ACTU secretary Greg Combet declared the deal was "good news for former Ansett workers". He also made clear that the ACTU would not be pushing for the full amount owed, saying that the

unions and administrators "would now work to secure 85 cents in the dollar" for workers. This, he conceded, hinges on selling Ansett's remaining aircraft, which "could take at least two years".

Even this timetable could be overly optimistic. Given the current depressed state of the international airline industry, many airlines are selling off passenger aircraft or mothballing them. Under the prevailing conditions, it is unlikely there will be a rush to buy Ansett's aging planes, which have a history of mechanical faults.

The ACTU's attitude is consistent with its actions throughout the Ansett debacle. From the outset, the peak union body worked overtime to prevent the emergence of any campaign by airline workers, and working people generally, in support of the Ansett staff and to defend jobs. The union body used its relationship with the sacked workers to have itself defined as a "creditor representative" and then joined with the administrators to carve up and sell-off the failed airline's assets. As the *World Socialist Web Site* remarked at the time: "This new official status brings the unions off the sidelines and into the centre of organising Ansett's restructuring, a role they have unsuccessfully sought in previous corporate collapses".

While the ACTU was carving out a new niche in the field of corporate collapses, the lives of the airline's former employees were being devastated. The protracted wait, ensuing financial problems and serious difficulties in finding alternative employment all took their toll. The result was a spate of family breakdowns, the loss of family assets, increased levels of ill health and, tragically, a number of suicides.

According to a study commissioned by the Victorian government in late 2002, a year after the collapse 78 percent of Ansett workers had not found other employment. Many of those who found work were employed on a casual basis or in jobs that were "markedly poorer in almost all respects". At the time of the study, 7 percent had given up looking for work, 18 percent were still unemployed but looking, 16

percent had insecure employment and only 14 percent had found a secure job.

Typical of the hardships suffered is the case of a former Ansett flight attendant who almost lost her family home in Sydney. She only managed to retain it because of an inheritance she received following the deaths of her parents. The woman is still owed \$120,000 in unpaid entitlements and superannuation. Since losing her job at the airline, she has only found casual employment.

The strain of suddenly being flung onto the unemployment scrap heap and of the endless waiting sadly proved to be too much for some distraught Ansett workers, who ended their own lives.

A letter posted on an Ansett workers' website by former employee Anna Novakovic on October 15 describes the mounting toll of suicides. "It is with deep regret that I am writing to inform you that on October 3, 2003 yet another unemployed former 767 pilot of Ansett Australia, passed away through suicide. This to my knowledge now brings the statistics to 30 known suicide deaths, since the destruction of the airline," she wrote.

While former Ansett workers have suffered increasing hardships, sections of big business, along with the Howard government, have benefitted to the tune of millions of dollars from the airline's demise.

It is estimated that the federal government has already recouped \$280 million of the \$335 million loan it made to the administrators from a special \$10 levy on airline tickets imposed in October 2001. The government levy was not lifted until the beginning of June this year. The money collected could in fact be far more than the estimate, as the government refuses to reveal the exact amount.

Under the terms of the original loan agreement with Ansett administrators, the federal government, as a secured creditor, was entitled to collect a further \$217 million from the sale of Ansett assets. As a result of the arrangements last week, Canberra will immediately receive \$150 million, which means that it has already made a hefty profit of \$95 million. And while it agreed to suspend its claim on the remaining \$67 million for a year, it has been placed at the queue of secured creditors to be remunerated from future asset sales.

Airline passengers generally supported the ticket levy because they believed it would be used to compensate Ansett workers. Last week, however, a spokesman for Transport Minister John Anderson ruled out using the remaining surplus for this purpose, declaring that the ticket levy was never "intended to pay workers' entitlements".

The federal government has cynically exploited the plight of Ansett workers to make a financial gain, which it now intends to use for its own political purposes—to boost the ailing tourist industry and make changes to airline security.

The levy surplus will form part of an extra \$235 million for tourism that the Howard government announced in November.

Among the large corporations to profit from the Ansett collapse were giant stevedoring and transport company Patrick Corp and the airlines Virgin Blue and Qantas.

In the immediate aftermath of the Ansett failure, Qantas boosted its share of the domestic market to 90 percent. It still controls about 72 percent of domestic business today, a factor that has lifted its profit margin substantially.

Patrick Corp exploited the opportunity to break into the airline industry. After acquiring a 50 percent share in cut-price domestic airline Virgin Blue for \$500 million, Patrick Corp made a successful bid for the use of Ansett's valuable airline terminals.

The acquisition boosted the value of Virgin Blue, which previously had to operate from makeshift facilities at domestic airports. In November, Patrick Corp recorded a before tax-profit of \$185 million for the 12 months to September 2003—up by 40 percent. Virgin Blue contributed almost a third—\$51 million—of the profit rise.

The Howard government directly aided Patrick Corp's plans. In 2001, in the immediate aftermath of Ansett's collapse, the government effectively scuttled a bid to buy the failed airline by a consortium led by Linfox transport boss Lindsay Fox and businessman Solomon Lew. The government refused to provide any financial assistance to keep a smaller revamped Ansett operating in opposition to Qantas and Virgin Blue.

While an opposing bid by Patrick Corp and Virgin Blue—clearly favoured by the government—did not succeed and Ansett was finally liquidated, the removal of the rival consortium cleared the way for Virgin Blue to eventually get control of the former Ansett terminals.

The plight of the Ansett workers, including the tragic suicide deaths, are the responsibility of all those officially involved in the airline's collapse and carve up—the major corporate interests, the government, the administrators and the unions. Ultimately, Ansett workers are the victims of the capitalist system in which the lives and needs of ordinary working people are at all times subservient to profits.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact