Australia: Qantas-union deal will set new benchmark to cut pay and conditions

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Without even the pretence of a fight, the Flight Attendants Association Australia (FAAA), covering 3,000 Australian-based long-haul cabin crew at Qantas, has accepted a retrograde agreement that will slash pay and conditions for 2,000 new starters.

Under the five year deal—estimated to save Qantas $40 million a year—new recruits will be paid $55,000 a year, including allowances, or 25 percent less than the current long-haul staff. At the same time, they will be required to work 30 percent more hours, or 250 hours across an eight-week rooster. In effect, hourly wages have been cut by more than half.

The deal was struck on November 27, just days after the election of the Rudd Labor government. Unless the agreement is rejected by Qantas workers, it will establish a new benchmark for dismantling longstanding working conditions and wages, not only in the airline industry but across every industry sector. Not surprisingly, financial commentators immediately proclaimed it as a "landmark agreement".

Facing a rising Australian dollar and fierce international competition, companies are seeking to cut costs and boost productivity by imposing ever-greater levels of "flexibility" in the workplace. A similar process is underway around the world. Auto workers in the US suffered a huge setback last month when their unions rammed through an agreement cutting new starters' wages in half. In Germany, France and Italy, major inroads are being made into the conditions of transport workers.

Far from protecting the rights of working people, the new Rudd government has already signalled to big business that "productivity" and competitiveness will be its priority. The FAAA's rush to sign the Qantas deal is a sharp warning of the role that the unions will play under Labor in enforcing the demands of business and suppressing any opposition from workers.

To assist the FAAA to push the deal through ratification by its members, Qantas agreed to a few minor incentives for existing Australian-based long-haul crews. These included a 3 percent pay rise, an increase in the company's superannuation contribution to at least 10 percent and an extension of paid maternity leave from 10 to 12 weeks. Management also threw in a $3,000 sign-off bonus for each attendant and agreed to maintain a 25 percent cap on hiring cabin crews overseas.

The company and the union immediately presented the new agreement as a win-win outcome.

Qantas chief executive Geoff Dixon heralded the deal as "a positive outcome for all concerned," saying "it will help provide the level of competitiveness Qantas must have in the highly competitive international aviation industry". Dixon has presided over the slashing of 1,500 long-haul cabin crew jobs since 2001 and thousands more jobs in maintenance and catering.

FAAA international secretary Michael Mijatov hailed the outcome as "overwhelmingly positive". He declared the union had "secured the future of existing cabin crew and beyond that improved their pay and conditions". He even claimed a victory, saying "we've secured 2,000 good quality Australian jobs—jobs that would otherwise been sent overseas".

In fact, the union has signed off on a two-tier wage structure that will inevitably be exploited by management to exert enormous pressure for further cutbacks to the wages and conditions of cabin crew generally. A blog by one Qantas long-haul crew member warned that the agreement "tells Qantas that you think that your job is worth Jetstar wages. If you agree to this you can never defend us getting a higher rate of pay for the same job".

In 2004, Qantas set up a cut-price domestic carrier, Jetstar, by recruiting from the large pool of displaced staff from failed airlines such as Ansett and placing them on inferior wages and working conditions. The new benchmark was then imposed on crews recruited to its low-cost Jetstar International. Now, with the FAAA's complicity, Jetstar conditions have been used to determine those for Qantas new starters.

The FAAA's main concern all along has been to maintain its role as industrial policeman and defend its dwindling membership base. Far from defending jobs, the FAAA is assisting management in using the threat of moving jobs offshore to pressure its members into accepting a huge wage cut for new starters.

Just two weeks into the current contract negotiations, Qantas announced that it had set up a new recruiting subsidiary—Qantas Cabin Crew Australia Pty Ltd (QCCA). The timing of the move was clearly designed to create the impression that the company planned to shift more jobs offshore if it did not get all it wanted in negotiations.

The union is using the implied threat to stifle resistance to the deal. Mijatov told the media: "I think some of my members feel that the FAAA may be exaggerating the [outsourcing] threat to long-haul crews." He warned that the establishment of the new hiring company "clearly demonstrated the threat".

The FAAA has proposed no action to combat the threat or indeed any campaign at all. Any genuine fight to defend jobs would necessarily require a joint campaign with lower-paid flight crew based in London, Auckland and Bangkok, and airline workers internationally, for better wages and conditions for all.

The collaboration of the FAAA with Qantas is no aberration. Like every other union, the FAAA accepts the framework of the profit system and therefore the right of companies to slash costs to be competitive in the world market. It argues that workers have to ensure the viability of their "own" national corporations, placing them in direct competition with other workers around the world.

Even now Qantas is under pressure to prepare a new round of cost-cutting. In August the company announced a record net profit of $720 million—up 50 percent on last year—but it confronts new rivals in Australia and internationally. Budget airlines such as Tiger Airways and Virgin are seeking a bigger slice of the long-haul market to Asia, as well as the domestic market.

The first step in mounting a campaign to defend jobs, wages and conditions is to defy the union, reject the FAAA-Qantas deal and to turn to other sections of workers in Qantas and across the airline industry in Australia and internationally for support. If this agreement is not thrown out, it will become the launching pad for a new round of restructuring and job losses in the airline and throughout the industry as a whole.