

# Qantas prepares strike-breaking operation against licensed engineers

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Qantas, Australia's largest airline, is preparing a major campaign, including the use of strike breakers, to bust industrial action by members of the Australian Licensed Aircraft Engineers Association (ALAEA) and inflict a decisive defeat. If it succeeds, the defeat will be used as the springboard for an offensive against other sections of the workforce.

News of the company's contingency plan emerged as the 1,700 licensed engineers concluded a secret ballot last week overwhelmingly endorsing a campaign of industrial action. Nearly 90 percent voted to begin bans on overtime and on work outside of normal duties from January 9.

The licensed engineers, who are required to inspect and sign out aircraft each day, as well as approve all maintenance work, are seeking a 5 percent pay increase as part of a new enterprise bargaining agreement that has been under negotiation since the beginning of last year. The company, however, is refusing to budge from its 3 percent counteroffer, even though this will not compensate for increases in the cost of living.

The airline insists the engineers' modest claim will make its maintenance operations "uncompetitive" with other airline providers. Yet, in August last year, the company announced a record net profit of \$720 million—up 50 percent on the previous year. In December, it predicted a further record, after flying 7.1 percent more passengers on its low-cost domestic carrier, Jetstar.

On December 27, Qantas confirmed in a staff memo that the company was putting in place measures to counter the engineers' action. It had "commissioned an Australian-based company with a strong track record in aviation hire and labour recruitment" to "provide qualified engineers to support our operations", the letter stated. Put more plainly, Qantas admitted it was in the process of marshalling a small army of potential strike-breakers.

According to the ALAEA, the airline is offering former licensed engineers, including some of the engineers it made redundant just one year ago, a six month contract with a total salary of \$100,000, almost double the pay of existing staff.

The unnamed labour-hire agency is also reportedly looking to recruit licensed engineers in New Zealand. As a further enticement, Qantas has promised any alternative staff it recruits

that they will be paid the full amount even if their services are not used in the event the ALAEA abandons its industrial campaign.

Qantas has announced it will cancel all leave for licensed engineers from January 14, including rostered days off, in a bid to offset the effect of the overtime bans. Late last week, executive general manager Kevin Brown warned he would consider sending inspection work offshore if the ALAEA action "proved too disruptive".

The speed with which Qantas is putting in place its multi-million dollar contingency plan in the face of what is a minimal campaign by the ALAEA smacks of a provocation designed to deliberately inflame the situation and to escalate the dispute. Significantly, news of the contingency plan came as a final round of pay negotiations between the company and the ALAEA was scheduled to begin on January 4.

The ALAEA's federal president Paul Cousins complained that the airline's actions had "unnecessarily inflamed the situation" and last week predicted ALAEA members "are going to be absolutely furious". While Cousins complained that the company's decision to cancel overtime "meant Qantas had struck the first industrial blow in the dispute, and not the union," the ALAEA has not called for a united campaign by Qantas workers to counter the company's plans.

To date, the union has responded only by threatening to call nationwide four-hour stop-work meetings that could temporarily ground Qantas flights, if the airline goes ahead and uses scab engineers. Yet the company's uncompromising stance indicates that it is preparing to implement a fundamental restructuring throughout its operations, centred on slashing wages, dismantling longstanding working conditions and imposing ever greater levels of "flexibility" in the workplace. Its goal is to cut costs and drive up productivity in order to gain a competitive edge over its rivals in what has become an increasingly ruthless battle for international and domestic market share. Even now, Qantas is confronting new challenges in Australia and internationally from budget airlines such as Tiger Airways and Virgin.

At the same time, Qantas, like other airlines, is continually looking to offload rising costs, such as aviation fuel, onto the backs of its workforce. Jet kerosene in December traded as high

as \$US109 a barrel, having gone above the \$US100 a barrel mark on the benchmark Singapore index for the first time in October.

By demonstrating its readiness to instigate a protracted and bitter fight with the engineers, Qantas hopes to intimidate and bully other sections of its workforce into accepting such far-reaching changes.

It is no accident that the company's strike-breaking plans were made known just as long-haul (LH) cabin crews were preparing to vote on a new enterprise bargaining agreement (EBA8) that will allow the company to hire 2,000 new starters on 25 percent less pay than current LH rates, while working 30 percent more hours.

The EBA8, brokered by the Flight Attendants Association of Australia (FAAA), will lock current long-haul staff into a measly 3 percent pay increase annually for five years. The deal will deliver Qantas an estimated \$40 million in savings each year. It clearly hopes that its threats against the engineers will act as a spur to stampede FAAA members into accepting the unpopular deal and removing any chance of a combined struggle by cabin crews and engineers.

At the same time, there are indications that the airline company is moving to further downsize its 5,000 strong Australian-based maintenance workforce. Last month it signed off on a deal with Malaysian Airlines (MA) giving Qantas a half stake in MA's maintenance subsidiary, Kuala Lumpur-based MAS Aerospace Engineering.

The move will give Qantas a foothold in Asia's booming airline maintenance, repair and overhaul (MRO) market, providing the Australian carrier with its first ever heavy maintenance base in Asia. The venture partners are looking to produce a turnover of \$US15 billion (\$A17.5 billion) a year by 2016.

Qantas has informed maintenance unions that the Malaysian-based operation will only be used to deal with "overflow" from its current maintenance operations in Australia. However, it is hardly feasible that, under conditions where Qantas is looking to continually cut costs, the low-wage operation will not be used to send more maintenance work off-shore, leading to downsizing and the closure of more of its Australian-based maintenance facilities.

Such a trajectory was implicit in a statement by Malaysian Airlines chief executive and managing director Idris Jala, who declared last week that his aim was to "develop MAS Aerospace Engineering Kuala Lumpur as a hub for the Asia Pacific region for MRO services".

At the same time, Qantas is developing a plan to expand its freight arm offshore, rather than attempting to compete in the home market, which is currently dominated by giant transport companies Toll Holdings, Asciano and Linfox. It is also looking to outsource its frequent flyer program, a move that could lead to major downsizing of its call-centre workforce.

To date, the newly elected Rudd Labor government has

remained silent on Qantas's strike breaking plans. However, given that the Qantas operation, if successful, will set a new benchmark for restructuring across the aviation industry and beyond, it is inconceivable that the government, which has publicly trumpeted its ambition to drive up productivity across all industry sectors, would not have been kept fully informed.

Qantas has been acting with the confidence that it will receive government backing to isolate and smash the engineers, or any other section of the airline's workforce, following a statement by Labor's industrial spokesperson Julia Gillard in September last year. Just two months before Labor won office, Gillard told ABC-TV "Lateline" that a Labor government would not hesitate to crush "unlawful" strikes, and confirmed that it would be prepared to engage in "strike-breaking".

Gillard emphasised that "unlawful industrial action" included any joint action by workers across different industries, or even within the same company, if they were covered by different enterprise agreements. Solidarity strikes were also outlawed.

Moreover, Qantas is well aware of Labor's track record, in government, of utilising strike breaking tactics in major industrial disputes to push through "industrial reform". In 1989, the Hawke-Keating Labor government used the Royal Australian Air Force as strike breakers to bust the six-month long airline pilots' wage dispute. The pilots' defeat set a new point of reference for the suppression of wages.

That Labor Prime Minister Kevin Rudd has openly embraced the so-called "reform" record of the former Labor government serves as a clear warning that his government will not hesitate to use identical methods to back Qantas. Equally clear is the role that the unions are preparing to play. They have already endorsed Labor's industrial relations laws, and refused to mount any challenge to Gillard's threats. There is no question that they will work to head off any joint struggle by different sections of Qantas workers and will oppose and block the mobilisation of support by other workers.

For Qantas workers to take forward the fight to defend their hard-won conditions, they must recognise the need to take their struggle out of the hands of the unions and begin an independent campaign to oppose the company's offensive. This will require a turn by the engineers to organise support from their co-workers throughout Qantas, and the broader airline industry, as well as among other layers of workers—in Australia, the Asian region, and around the world.



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