Qantas chief threatens “showdown" with workers over pay

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Qantas Airlines chief executive Geoff Dixon has issued a thinly-veiled strike-breaking threat against the company’s 1,700 licensed engineers, who recently threw out a deal signed by their union for a 3-percent pay rise, far less than the official inflation rate of 4.2 percent.

In a lengthy feature interview with the *Australian Financial Review* (AFR) on May 5, Dixon warned that the company would shift operations to low-wage locations. “We are determined—and I mean determined—to maintain that 3 percent. It’s not negotiable and I mean that. The board has signed off on it.”

An in-principle agreement signed by the Australian Licensed Aircraft Engineers Association (ALAEA) in February was overturned by the union’s members in a ratification ballot. The engineers, who inspect and certify aircraft before they take off, are currently voting on strike action for a 5 percent claim.

While the AFR headlined the interview, “Dixon flags a final union showdown,” his threats are clearly directed against the rank-and-file who defied the ALAEA executive.

The union’s package also contained concessions, such as giving management complete control over rostering, allowing it to impose 9.5-hour, 10.9-hour and even 12-hour rosters to meet the traffic schedules of Qantas’s new A380 fleet. The proposal lifted restrictions on the employment of fixed-term contract workers and allowed the company to increase its use of part-time and casual workers.

The engineers’ rejection of the package stunned both the company and the ALAEA. The engineers had been under intense pressure to bow to the company’s dictates, with acceptance of the agreement widely billed in the media as a foregone conclusion. ALAEA federal secretary Wayne Vasta hailed the deal as “a win for our members”.

The company made known it had made strike-breaking arrangements and began recruiting a scab workforce. It threatened to send inspection work offshore if the ALAEA members “proved too disruptive”. In effect, Dixon’s interview has resurrected that threat.

Moreover, the ballot was held against the backdrop of much publicised demands by Prime Minister Kevin Rudd that workers accept “wage restraint”, supposedly to combat inflation—a call that was accepted by the Australian Council of Trade Unions (ACTU).

The Flight Attendants Association of Australia (FAAA) had already imposed a five-year agreement on its 3,000 Australian-based long-haul cabin crew members that held down pay increases to just 3 percent annually and accepted inferior pay and longer working hours for 2,000 new starters. Qantas intended to use both the ALAEA and FAAA agreements as benchmarks to impose the 3 percent ceiling and extract concessions from the rest of its workforce.

In his AFR interview, Dixon declared that if “we can’t get the conditions to maintain our aircraft onshore,” Qantas would “decide to invest in operations overseas”. He added: “We compete with maintenance operations in Hong Kong, Singapore, China and the Philippines.”

Qantas slashed its maintenance workforce in 2006 when it shut its heavy engineering base in Sydney at the cost of 480 jobs. Last December, the airline bought a half stake in Malaysian-based MAS Aerospace Engineering to give it access to the Asian aircraft maintenance market. While Qantas claimed that the Malaysian operation would only take “overflow” work from its Australian base, Dixon’s latest threat implies the opposite.

Qantas is moving to match a host of its international competitors who have transferred maintenance operations to China. The ALAEA has responded by whipping up Australian nationalism, blaming workers in low-wage countries for the loss of “Australian” job. A genuine campaign to defend jobs and conditions would necessarily require turning to airline workers in Asia and internationally for a joint struggle against the endless cost cutting of Qantas and other airlines.

Last year, Dixon and his fellow directors backed a failed $11.1 billion takeover bid of Qantas by a Macquarie Bank-led syndicate, Airline Partners Australia (APA). The bid would have allowed APA to rip back $4 billion in dividends after 12 months and load Qantas with $7.5 billion of its own debt. Hundreds more jobs would have been axed as APA asset-stripped and carved-up the company. Dixon and other board members stood to gain as much as $200 million each.

Now, facing rising fuel prices and fierce global competition, Qantas is determined to maximise profits by imposing ever-greater cost cutting on its workforce. In the six months to December 31, it posted a pre-tax profit of $830 million from its mainline flying business, more than double the previous result.

Any strike-breaking operation by Qantas would undoubtedly have the support of the Rudd government because a defeat for the engineers would help set the scene for wider “wage restraint”. Dixon, along with other leading coporate CEOs, was an honoured participant in Rudd’s recent “2020 summit”, which advanced calls to slash corporate taxes, reduce business regulation and open up infrastructure projects to private investment.

While the engineers face a determined campaign by the company, backed by the Labor government and other sections of the corporate and financial elite, the ALAEA has made no appeal for support from other sections of Qantas workers or workers in general, all of whom face similar attacks.

Left in the hands of the ALAEA, the engineers’ dispute will be betrayed. Like every section of the union leadership, the ALAEA is well aware that a genuine struggle against Qantas would attract wide support among working people and could become a focal point for a political movement that would challenge the Rudd government and its big business agenda.