

Australia: Unions move to negotiate as Qantas rules out improved pay offer for engineers

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Last week, the Australian Licensed Aircraft Engineers Association (ALAEA) dropped the threat of two-day strikes by 1,500 Qantas engineers, claiming that the airline had agreed to resume negotiations in the long-running pay dispute.

The engineers resumed their campaign for a 5 percent pay increase in April after overwhelmingly voting down an in-principle agreement brokered by the ALAEA. The deal was based on Qantas's offer of just 3 percent annually over three years, and gave significant concessions to the company on rostering and increased use of contract labour.

Speaking to the media last week, ALAEA national secretary Steve Purvinas said Qantas chief executive Geoff Dixon had agreed to meet with the ALAEA and Australian Council of Trade Unions (ACTU) secretary Jeff Lawrence. "We're hoping it (the dispute) will be resolved," Purvinas said. "We certainly won't be contemplating an escalation of the dispute."

The move back to negotiations followed four-hour stopwork meetings by engineers in three capital cities early last week to discuss the industrial campaign. The talks have nothing to do with "resolving" the dispute in favour of the engineers, but are designed to limit industrial action to overtime bans while the unions and company work out the means to push through an agreement along the lines of Qantas's demands.

Dixon has categorically ruled out budging on the company's 3 percent pay limit and has made clear that talks with the ACTU will be based on the former agreement. Dixon declared on ABC television's "Lateline Business": "This company can't afford a 5 percent wage increase that would go through the whole airline and then could cost another \$360 million". He added: "We can't do it and we're not going to." In the same interview, Dixon avoided criticising the ALAEA

executive but attacked the engineers, saying they had "reneged on the union" by voting down the in-principle agreement.

While the unions are rushing to the negotiating table and reining in industrial action, Qantas is proceeding with various strike-breaking contingencies, including the recruitment of an engineering scab workforce. According to media reports, Qantas has commissioned Newport Aviation to recruit licensed engineers on fixed-term casual contracts of one to three months' duration, paying \$2,308 a week with a possible \$40,000 completion bonus.

Labour-hire entrepreneur Bruce Macdonald registered Newport Aviation last September as bargaining talks between Qantas and the ALAEA were underway. Questioned by the media, Dixon did not deny the recruitment of a scab force, saying only: "They are our business, our contingencies. They're not for the media or anyone else [to know]." However, during the four-hour stoppages last week, Qantas used managerial engineering staff to do work normally done by the striking engineers.

On the eve of the new round of negotiations, the Rudd government for the first time publicly indicated its support for Qantas's stand. Asked by the media if he believed a 5 percent rise for the engineers was justified in the light of inflationary pressures, Treasurer Wayne Swan said, "I don't buy into an instant commentary on individual claims by unions," but then went on to declare: "What I want to see is ... where wage rises are matched by productivity growth. That's what we must have if we are to tackle the inflationary challenge."

Labor would be sure to back Qantas in any strike-breaking activity. Forcing a back-down by the engineers or inflicting a body-blow on this key section of the working class would help the Labor government

enforce its demand that all workers accept “wage restraint” in the so-called “fight against inflation”.

The ACTU, which intervened into the Qantas dispute on May 15, has endorsed the government’s call for wage restraint. At the same time its affiliates have imposed wages outcomes in a number of disputes that have been either below the 4.2 percent inflation rate or have barely matched it.

Earlier this year, the union representing Qantas long-haul cabin crew signed off on a 3 percent pay increase, and agreed to the recruitment of 2,000 new starters on inferior wages and working conditions. This is what Swan means when he insists that wage increases be tied to productivity growth.

ACTU president Sharan Burrow has previously indicated that the peak union body is working to meet Labor’s requirements and undermine the engineers’ 5 percent claim, telling the media: “Let’s see what we can do: somewhere in the middle there’s a more moderate wage outcome...”. As for the ALAEA executive, it has already demonstrated, by attempting to foist the in-principle agreement on engineers, that it is willing to accept whatever the company offers.

The ACTU is nervous that the engineers’ defiance of both the company and the unions may encourage other sections of workers to follow suit. It is concerned that a struggle by the engineers could become a focal point for a movement in defence of wages and working conditions throughout the working class that could rapidly escalate into a confrontation with the Rudd Labor government.

Facing spiralling fuel costs and ruthless competition in the aviation industry, Qantas is determined to hold down wages, slash working conditions and cut costs to position itself in the fight for market share and to maintain record profits.

While Qantas has hedged 34 percent of its 2009 fuel needs at \$US90 a barrel, the company said this month that its fuel bill was expected to increase by \$A2 billion in the next financial year. At the end of last month, JP Morgan’s research arm issued a note estimating that Qantas could post a \$A982 million pre-tax loss if oil prices hit \$US200 a barrel. Dixon responded by issuing a memo warning: “Everyone at Qantas needs to be clear that the issues we face are real and substantial.”

The company announced last week it would slash services on some of its less profitable domestic routes

to reduce capacity by 5 percent—the equivalent of grounding six aircraft—and would also cut flights to major destinations across Asia, including 14 flights a week to Japan. While not putting an exact figure on job losses flowing from these measures, Dixon admitted shedding would number in “the low hundreds”.

The Qantas cuts will spur another round of job cuts and attacks on workers’ conditions by its domestic and international rivals. Domestic airline Virgin Blue has indicated it is considering cutting back services after JP Morgan analysts said at the end of May that the cut-price airline would need to raise ticket prices by 30 percent on average to offset the pre-tax \$A626 million full-year loss it would post if oil prices reached \$US200 a barrel next financial year.

The engineers have demonstrated their determination to defend their wages and conditions, but the only way to take their struggle forward, is to make a decisive political break with the entire trade union apparatus and its pro-market political agenda. The engineers should fight to mobilise other Qantas and airline workers, both at home and internationally, to establish a common front against the global assault on jobs, wages and conditions by both the airline companies and the governments—including Rudd Labor—that stand behind them. Such a struggle requires a new socialist perspective, aimed at the total reorganisation of society to meet the needs of the vast majority, not the profits and privileges of a tiny few.



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