

Australia: Qantas engineers' union brokers another shabby pay deal

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Following a new round of negotiations in a long-running pay dispute, the Australian Licensed Aircraft Engineers Association (ALAEA) announced last week it was calling off all industrial action after reaching another in-principle agreement covering 1,500 licensed aircraft engineers employed by the Australian airline Qantas.

This is the second in-principle agreement brokered by the ALAEA this year. The first, based on the company's 3 percent ceiling on pay increases, was overwhelmingly rejected by the union's rank-and-file in April. The new four-year deal, described by ALAEA federal secretary Stephen Purvinas in a July 21 notice to union members as "the best offer we could attain", does not meet the consistent demand for a straight 5 percent pay increase across all grades to compensate for the rising cost of living.

As the saying goes, the devil is in the detail. In his statement to members, Purvinas claimed that "although hard to quantify" the four-year agreement delivers an "average remuneration increase" per annum in excess of 4.45 percent. The "remuneration increase" is difficult to quantify because the deal comes in two parts—a base pay rise supplemented by a series of complex arrangements mainly centred on promotions to a higher grade.

The base pay rise is less than the 3 percent annually demanded by Qantas management. The deal that covers the period from January 1, 2007 to December 31, 2010, gives engineers a 3 percent base salary rise for 2007, 1.5 percent for 2008 and a further 3 percent for both 2009 and 2010. In other words, the total basic pay increase is just 10.5 percent or 2.6 percent per annum.

It is little wonder that Qantas chief executive Geoff Dixon insisted that the agreement was "within the framework of our wages policy."

The union's claim that it has achieved more than 3 percent—in excess of 4.45 percent—rests on the fact that every engineer will be promoted by a level as of January 1, 2008. In addition, quotas on the number of engineers at every level have been eased and new levels created, opening the possibility for some engineers of further promotions and pay

increases.

The union's calculations involve a sleight of hand. It is certainly true that by counting a promotion as a pay rise, individual engineers currently employed will each receive more than 3 percent per annum. The basic pay rates at each level, however, will increase at less than 3 percent per annum. That means anyone who starts at the bottom grade in the future will be paid at this lower rate.

The different outcomes for those already employed and new starters recalls the tactics of Qantas management in the case of cabin crew. The agreement signed off by the Flight Attendants Association of Australia (FAAA) in January created a two tier system—lower wages and conditions for new starters while the current Qantas long-haul cabin crews were locked into a 3 percent pay increase annually for five years.

Moreover, the engineers' deal undercuts their legitimate demand for a 5 percent rise to compensate for the rising cost of living. The official inflation rate was about 3 percent in 2007, hit 4.5 percent on an annualised basis in June and is likely to continue to rise. Any promotion—which traditionally involves higher pay in recognition of experience, skills and extra responsibilities—should be on top of that.

Purvinas deliberately avoids these issues by appealing to narrow self interest. "I suspect that the focus of most members will be on the wages outcome and in our view, it does not matter how the money gets delivered to the pocket, as long as it gets there," he writes.

The "remuneration increases" will not be equal as they depend on who gets what promotions and access to various allowances. As Purvinas admits "approximately 40 members have an unfortunate combination that delivers a bare bones 4 percent per annum" while "300 engineers receiving an additional grade due to quota changes or the new level 15 will be between 5.1 percent per annum and 5.92 percent per annum better off."

Purvinas notes that the one grade jump for all engineers is "in recognition of increased responsibilities for compliance and technology". Whether engineers will be expected to take

on additional work is not clear from the union letter.

Nor is it clear whether the rostering concessions contained in the first rejected agreement have been excluded from the latest deal. The first agreement reportedly included giving management complete control of rostering and allowing the company to impose rosters of 9.5, 10.9 and even 12 hours to meet the traffic schedules of Qantas's new A380 fleet.

Broader issues are also at stake. Whatever small concessions were made by Qantas management to the engineers were clearly aimed at putting an end to a dispute as it prepares for a new round of restructuring and to settle wage agreements with other sections of its workforce. As far as it is concerned, the base rate of less than 3 percent per annum remains intact and will be foisted on other Qantas workers.

The Australian and International Pilots Association (AIPA) this month struck a deal with Qantas for a 3 percent pay annual pay increase. A union spokesman hailed the agreement saying it was "creating an environment aligning the interests of pilots and shareholders—an impossibility at the best of times let alone under today's conditions.

Significantly, the ALAEA and AIPA agreements were made in the same week that Qantas announced plans to axe 1,500 jobs globally by this December. Of these, 1,300 will be shed in Australia. The airline will pare back services on numbers of routes and impose a freeze on the hiring of 1,200 new starters. Qantas also revised down its growth capacity for 2008-09 from eight percent to zero.

Announcing the job cuts and signalling more to come, Qantas chief executive Geoff Dixon warned that the aviation industry was facing "a major crisis throughout the world" and that the industry's "dynamics had changed forever". Facing escalating fuel costs and an increasingly competitive market, Qantas is determined to cut costs. The company now aims to achieve its recently announced target of \$1.5 billion in savings over two years in just 12 months.

In touting the new agreement, the ALAEA prided itself on an "extremely successful" campaign at "little cost to members". Purvinas proudly explains to members how the union leadership managed to "keep action under the intervention radar". An intervention "could have been from the AIRC (Australian Industrial Relations Commission) upon application by Qantas or Federal Government intervention if they were convinced that our PIA (protected industrial action) was against national interest".

These comments make clear that the ALAEA leadership never had the slightest intention of waging a serious campaign against Qantas management or challenging the Rudd Labor government's insistence that workers have to exercise "wage restraint". It is also an implicit threat to ALAEA members—who rejected the previous deal—to accept

"the best offer we could attain" or face the consequences.

Any legal action would involve the use of the detested current workplace laws that were introduced by the former Howard government and retained by the Rudd Labor government. Industrial Relations Minister Julia Gillard can order the AIRC to end to the current bargaining period also making further industrial action illegal. She also has the power to order an end to industrial action if it is deemed to affect "essential industries", threaten "public welfare" or damaging "the economy". In either case, heavy penalties including fines and jail can be imposed for any breaches.

The very fact that the ALAEA refers to the "intervention radar" may well indicate that the Rudd government was preparing to use its draconian powers. Earlier this month, the union suddenly called off its limited rolling stoppages despite admitting that the two sides were no closer to a deal. The pretext offered was the Pope's visit and the need to provide Qantas with a "breathing space". The "truce" was sponsored by the ACTU with a view to shutting down a dispute that threatened to escalate into a confrontation with the Rudd government.

Whatever went on behind the scenes, the outcome is a deal that Qantas management declares is within the "framework of its wages policy" and undoubtedly meets the Rudd government's criteria for wage constraint. As for the aircraft engineers, even the union's optimistic estimate for the average "remuneration increase" comes in below the current inflation rate and in all likelihood future rates as well.



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