

# Australia: Rudd government and unions back Qantas as it axes 1,750 jobs

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In another indication of the escalating impact of the global financial crisis on Australian workers, Qantas announced last week that it was axing 1,750 jobs, following a predicted 80 percent fall in annual profits.

The Australian airline made a pre-tax profit of \$1.4 billion last year but is now forecasting just \$100 million this year. The profit freefall is a direct result of sharp declines in international travel, particularly in business and first class, which have fallen by 20 percent in the past six months, and growing international competition affecting the company's flights to the US, its most profitable route, and Europe.

The job cuts, which were announced following discussions with the unions, include 500 management and 1,250 full-time operational jobs. They follow the axing of 90 management positions three weeks ago and 1,500 operational jobs in July last year. Qantas jobs axed in the past 10 months now total 3,340 or almost 10 percent of the carrier's 34,000-strong workforce.

The carrier will also ground 10 aircraft and defer orders on four Airbus A380s and 12 Boeing 737-800s for at least a year, cut the frequency of domestic and international flights, wind back freight operations and reduce capital expenditure by at least \$800 million in the next financial year.

According to the International Air Transport Association (IATA), the airline industry globally will lose \$6.5 billion this year, with Asia-Pacific carriers expected to post combined losses of \$2.3 billion, the largest of any region.

IATA director general Giovanni Bisignani warned this month: "Airlines are now in a very weak situation—they have combined debts of \$170 billion so we are in a much worse position—we don't have cash." Bisignani predicted the bankruptcy of major carriers in the near future.

The Qantas job destruction is part of a massive re-structuring of airlines internationally, driven by the banks and financial markets. Two days after the Qantas announcement, Air France-KLM declared it was wiping out 3,000 jobs. Singapore Airlines, Cathay Pacific, Japan Airlines and All Nippon Airways, which have all recorded huge declines in profits in the past year, have likewise announced cuts in jobs and conditions in the past six months.

Qantas's share price has dropped precipitously from \$6 in November to \$1.95 and last week Standard & Poors cut its credit rating on the airline from BBB+ to BBB, one notch above the official definition of junk bonds. S&P said "deteriorating industry conditions" were putting "significant pressure" on the airline's finances and warned that "a further rating downgrade could occur if the industry downturn deepens".

S&P's assessment was confirmed by Peter Harbison, director of the Centre for Asia-Pacific Aviation, who told the *Sydney Daily Telegraph* on Wednesday that there would "definitely be a lot more jobs cuts [at Qantas]".

"If this environment continues," he said, "we basically have an unprofitable Qantas airline that doesn't have a future. Even if we stay at the same level for six months, they really have to look at ripping the airline apart and doing something dramatically different."

While Qantas management quickly denied Harbison's forecast, the airline's CEO Alan Joyce refused to rule out future job cuts and a wage freeze. "If things get worse we have plans to be able to cope with that and we would make further cuts to capacity," he said.

Joyce, who previously managed Qantas's low-wage carrier Jetstar, said the latest cuts would be accompanied by demands that workers accept early retirement, re-deployment, leave without pay, annual and long-service leave, job-sharing, part-time work and other attacks on long-standing conditions.

Joyce later told the media: "We hope that all of the unions and all of the employees realise that ... the last thing we want to see is industrial action. That will only damage more jobs and it'll only damage Qantas into the future. And I expect people to act sensibly and I think they will."

Joyce's expression of confidence in the unions was quickly confirmed. The Australian Council of Trade Unions (ACTU) and the airline unions called for immediate talks with the company, offering suggestions on how the cost-cutting measures could be implemented.

ACTU secretary Jeff Lawrence proposed rostering changes, part-time work and other measures while Transport Workers Union (TWU) national secretary Tony Sheldon recommended that full-time Qantas employees facing the axe be given part-time work. He called on the company to transfer 150 employees to Jetstar. "This is a cyclical

industry,” Sheldon insisted. “Qantas needs to have well trained and professional staff for the upswing.”

Sheldon’s position was echoed by Linda White, assistant national secretary of the Australian Services Union, which represents about 10,000 Qantas employees. White declared: “The airline industry is cyclical and so we’ve seen out SARS, bird flu, the Gulf War, you name it, and we’ve come up with a number of job avoidance strategies that will kick into place now.”

Contrary to union claims, the Qantas job cuts are not the result of some temporary downturn but the most serious financial crisis since the Great Depression. The sacked Qantas workers are not facing short-term joblessness or a temporary decline in their living standards but permanent unemployment and everything that goes with it. According to leading Australian economists, more than 300,000 jobs will be axed across the country in the next six months and the official unemployment rate will increase to 10 percent by 2010, with another 10 percent of the workforce, or two million workers, pushed into shorter hours and part-time work.

### **Labor endorses job cuts**

The Qantas job cuts brought the usual crocodile tears from the Rudd government. Deputy Prime Minister Julia Gillard said it was “very unwelcome news” and declared that the Labor government would stand “shoulder to shoulder” with the sacked workers.

Labor stands “shoulder to shoulder” not with the working class but with the employers. Together with the unions, it has ensured that the elimination of more than 100,000 jobs in mining, manufacturing and the service and finance sectors in the past six months has proceeded without a hitch.

Gillard went on to heap praise on the airline’s management. “I think it is pleasing,” she said, “that Qantas is taking an approach, in relation to the 1,250 jobs, that it is going to explore all options with redundancies as a last resort.”

Notwithstanding Labor’s expressions of concern for Qantas workers, which were widely publicised in the media, its real attitude is exposed by the historical record. The Hawke-Keating Labor governments carried out an unprecedented assault on the working class from 1983-96, including against Qantas workers. In 1989, Hawke mobilised the military to defeat the pilots’ strike, which ended in many experienced pilots being driven out of the industry, and in 1993 Keating partially privatised the government-owned carrier, destroying hundreds of jobs.

The Rudd government’s latest industrial relations legislation, touted as a reversal of the former Howard government’s widely hated “WorkChoices” laws, retains all its most essential features, illegalising “unauthorised” industrial action, including strikes, secondary boycotts and industry-wide wage contract bargaining. Rudd

will utilise these measures against Qantas and any other workers opposing attacks on their jobs and conditions just as ruthlessly as his Labor predecessors.

**At the same time, Labor is putting the finishing touches on its May budget, already being described as a “horror” budget by Treasurer Wayne Swan. It will savagely cut social spending and impose onerous conditions on those seeking unemployment benefits and other welfare entitlements.**

As for the unions, they have assisted Qantas axe thousands of jobs and eliminate hard-won conditions over the past two decades, with the introduction of part-time and casual employees, a two-tier employment structure, and contracting out of services. No section of the airline’s workforce—from baggage handlers and flight crews to maintenance—has been exempt.

Qantas’s baggage handling jobs, for example, have been decimated with major cuts in Sydney, Melbourne and Brisbane. Cheap labour hire companies, such as Aero-Care, now run the airline’s services in Perth and Adelaide. And last year the flight attendants’ union, which covers 3,000 Australian-based long-haul cabin crews, signed a five-year deal allowing Qantas to cut pay and conditions for 2,000 new starters, saving the company \$40 million. The new crews work 30 percent more hours for \$55,000 a year, including allowances, or 25 percent less than the other long-haul staff.

For Qantas workers, the fight to defend their jobs requires a political break from Labor and the union leaderships, which are the chief political instruments for imposing employer demands. It means rejecting the backroom negotiations between the airline unions and the company, organising mass meetings and turning to airline workers in Australia and internationally to develop a unified struggle in defence of all jobs and conditions.

Such a struggle raises the central political task facing all working people: the development of an entirely new perspective—an internationalist and socialist strategy for a workers’ government that will fundamentally reorganise society and production under the democratic control of the working class, on the basis of human need, not private profit. This is the perspective of the Socialist Equality Party (SEP) and the *World Socialist Web Site*. We urge Qantas workers to contact us and begin a discussion on these vital issues.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**