

Qantas prepares offensive on Australian workforce

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Qantas Group, which operates Qantas and the low-cost carrier Jetstar, appears intent on provoking a confrontation with its workforce in order to implement an agenda of expanding its Asian-based subsidiaries and cutting costs in its Australian operations.

Qantas has rejected out-of-hand the request by the three trade unions covering its Australian pilots, engineers and ground crew for a “job security” clause in new agreements. The clause would require that the company pay any crew on a Qantas-badged flight, or workers undertaking Qantas work on the ground, the same wages and entitlements specified in the agreement. The stipulation would not only apply to Australian contractors, but the pilots and cabin crews of overseas subsidiaries that operate Qantas services.

In one of the most belligerent responses, Qantas chief pilot Peter Wilson declared on May 18 that the job security claim was “damaging to the interests of Qantas and a threat to the real, long-term job security of 35,000 employees in the Qantas Group”. Qantas CEO Alan Joyce told the Australian Broadcasting Corporation’s “7.30 Report” last night: “There are certain demands I cannot concede to because it will endanger the survival of the company into the long run. It is at that stage. Our international business is losing money. Our international business, if these demands are met, will go backwards even further.”

Qantas is preparing what one commentator described as a “seismic shift” in its global strategy. It is reportedly looking to establish a new subsidiary operating out of Singapore that would provide the same premium services as Qantas itself. The company refused to deny the report. Qantas spokesperson Olivia Wirth told the *Australian* “an international review” was underway and “everything is on the table.”

Qantas already has a joint venture, low-cost subsidiary in Singapore, Jetstar Asia. The carrier competes for cheap flight business in the Asia market, particularly to China, and provides flights to and from Australia via Singapore using lower cost Singapore-based pilots and crew. Qantas also has a wholly-owned New Zealand-based subsidiary, Jetconnect, whose staff are paid New Zealand wages and conditions to operate budget Qantas flights in and out of Australia. Jetstar Pacific, another joint venture, operates out of Vietnam.

The move to establish a premium carrier in Asia represents a qualitative step in the company’s gradual transfer of its core operations out of Australia. Amid discussion that a number of major world airlines will inevitably go to the wall due to intense cost and competitive pressures, the aim of Qantas’s corporate strategy was reported last month to be “ending its geographical isolation” in Australia. It plans to survive by gaining a significant share of the expanding number of full-service flights throughout the Asian region, which cater for a growing upper-middle class and corporate elite.

Qantas’s move to Asia will be accelerated by the announcement this week that one of its major rivals, Singapore Airlines, is moving to establish a low-cost subsidiary that will directly compete for Jetstar Asia’s business.

The International Air Transport Association (IATA) predicts that by 2014 there will be 800 million extra passengers globally, of whom 360 million will be flying Asia-Pacific routes. Other sources forecast that outbound traffic from China alone is set to rise by about 16 percent a year until 2020. Singapore, which has short-haul connections to China, Japan, India and throughout the region, currently has 11 million arrivals per year and expects these to increase to 17 million in 2015.

A full service subsidiary in Singapore—possibly named Qantas Asia—would render redundant many aspects of Qantas’s Australian-based operations. It could take over existing routes between the island and Europe, with crews employed on lower Singapore conditions. The new airline could use Singapore crews to fly full services to Australia, and even lower-paid Thai crews on other Asian routes. Maintenance could be transferred to Asian sites.

Cost-cutting is also in store for the Australian operations, as Qantas and Jetstar face increasingly aggressive competition. Asian and Middle Eastern-based carriers that operate with lower costs are expanding their Australian customer base by offering attractive rates and services. Qantas’s share of international Australian passengers plummeted from 35 percent in 2003 to less than 20 percent in 2010. Even adding Jetstar and Jetstar Asia international flights, the Group’s market share was just 26.8 percent, down from 28.2 percent in 2009.

Virgin Airlines, the other major Australian-based carrier, has launched a challenge to Qantas's dominance in the domestic business class trade. Virgin's international head Richard Branson told the *Business Spectator* website this month that Qantas had been able to utilise \$1.5 billion of income from business class passengers "to subsidise Jetstar and their economy class." He added, "[W]e would like to take \$300-\$400 million of that away from them."

Qantas has reportedly enlisted the services of consultancy firm Bain, which drew up the restructuring plans that were imposed at a number of American-based airlines, at the expense of wages, conditions and hundreds of jobs.

Thousands of Qantas workers—from pilots to baggage handlers—sense that an offensive is looming. Previous union agreements have enabled the Qantas Group to establish an international workforce employed on vastly divergent wages and conditions and transfer more and more of its services overseas. In 2008, 1,750 Australian Qantas staff were made redundant.

While the unions have insisted they will not accept an agreement that does not include job security, their entire record proves otherwise. From the 1989 pilots' strike, to the bankruptcy of Ansett Airlines 10 years ago, to the acceptance of substandard conditions for Virgin and Jetstar crews, to the 2008 redundancies, the unions have collaborated with Australian airlines to cut costs and jobs.

At every point, the primary concern of the unions has been to protect the industry's "international competitiveness." In exchange, the unions have retained coverage of the remaining workforce and involvement in the multi-million dollar funds holding workers' superannuation retirement benefits.

There is little doubt that the unions are working behind the scenes to convince Qantas to moderate its global reorientation by offering to slash their own members' conditions. In mid-May, pilots union national president Barry Jackson stated: "If chief executive Alan Joyce and his executives sit down with pilots and other workers, there are any number of ways to achieve productivity gains without scrapping Qantas's 90-year history and shifting overseas."

Any concessions the unions give Qantas will only feed into setting lower benchmarks across the entire airline industry. Workers are being pitted against one another in a never-ending downward spiralling of conditions.

Qantas workers face decisive questions. While the company prepares its plans, the unions have diverted them into token threats of the limited industrial action that is permitted under the Labor government's Fair Work Australia (FWA) industrial laws.

The union covering 1,700 Qantas pilots applied yesterday to the FWA tribunal to allow a ballot of its members for industrial action,

a process that will take up to four weeks. The planned action will consist of two days of stopwork meetings and a "work-to-rule" campaign.

Last week, the engineers union, whose members had already voted for industrial action, called off a one-hour stoppage on the grounds that urgent maintenance had to be done to aircraft. It then suspended any threat of industrial action for four weeks.

The Transport Workers Union, which covers ground staff, is still in negotiations. The company has already made clear that it will use management to break any minimal industrial action by baggage handlers and ticketing staff.

The Gillard government stands ready to intervene if Qantas workers seek to break out of the straitjacket imposed on them by the unions. Labor has repeatedly backed punitive action to break so-called "illegal" strikes, sanctioning police operations against picket lines and imposing massive fines.

A strike by Qantas workers would be viewed by the Labor government as a fundamental challenge to its guarantee to the financial markets that it will prevent any "blow-out" in wages and conditions. A stand by Qantas workers could become a rallying point for workers in all the other industries who face drastic restructuring.

Qantas pilots, engineers and ground staff can only defend their jobs and conditions with a global strategy. The first step must be the development of direct links between Qantas Group workers internationally through the establishment of rank-and-file committees, independent of the trade union apparatuses. A common resistance to the company's agenda must be formulated across national borders.

This would immediately become a political struggle against the Gillard government. Backed by the entire political establishment, Labor would do everything to suppress any threat to the interests of the corporate elite, including using the anti-democratic provisions of Fair Work Australia that enable it to illegalise industrial action on the grounds it is causing "significant economic damage". That is why workers must turn to a socialist perspective and the fight for a workers' government that will expropriate the banks and basic industries, including the airlines, place them under the democratic control of the working class and organise society to provide for social need, not private profit.



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