

# Qantas to destroy 1,000 jobs as part of shift to Asia

Patrick O'Connor  
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Qantas CEO Alan Joyce yesterday unveiled the details of a sweeping five-year restructuring plan that involves the destruction of 1,000 jobs in Australia and the expansion of operations in low-wage platforms throughout Asia. The measures amount to a declaration of war against Qantas workers, with the company's directors working closely with the Labor government and the trade unions to suppress all opposition.

Unprofitable international routes are to be shut down. The "Kangaroo route" to London—for many decades the mainstay of Qantas's business—will now only depart from Singapore, with the routes from Bangkok and Hong Kong closed. At the same time, two new carriers will be established in Asia. Jetstar Japan, due to start service next year, is a joint venture with Japan Airlines and Mitsubishi and aims to extend the Asian operations of Qantas's profitable budget Jetstar brand. Another new subsidiary, as yet unnamed and reportedly to be based in either Singapore or Kuala Lumpur, is to offer premium service flights within Asia. New aircraft valued at \$9 billion have been ordered for the two carriers.

The immediate imperative for the restructuring drive is to slash wages and conditions. Qantas management has complained that its cost base is 20 percent higher than key competitors such as Singapore Airlines. "It is a steadily fading business, suffering big financial losses and a substantial decline in market share," Joyce declared. "The issues are neither cyclical nor temporary."

About 1,000 workers will be laid off in Australia—though many more will inevitably follow in the coming months and years. About 500 cabin crew, 200 engineering, and 180 pilots' positions will reportedly be eliminated, with other redundancies in management and airport administration. At the same time, new employees will be hired in Asia with drastically lower wages, benefits, and workplace protections. Joyce maintains that this is necessary to reverse losses in Qantas's international operations of \$200 million last financial year and generate satisfactory profit margins over the next three years.

He is clearly under enormous pressure from the international markets, with Qantas's share price down nearly 40 percent in the last 12 months.

The airline is desperate to establish a firm foothold in the lucrative Asian market. The International Air Transport Association has estimated that carriers in the Asia-Pacific region will make a combined profit of \$2.1 billion this year, more than half the profits of \$4 billion in the international airline industry.

"Asia is already the world's largest, fastest-growing and most profitable aviation market," Joyce declared yesterday. "There is nowhere like it. It has massive untapped potential... We need to act now because our competitors are circling the opportunities. There is probably only a brief window to establish a leading aviation position in the market."

Qantas is proceeding with the full backing of Prime Minister Julia Gillard's government. Transport and infrastructure minister Anthony Albanese declared the company's plans were a "commercial decision", driven by "Qantas wanting to make sure that they can remain secure and remain in a strong position."

The Labor government knows that what is unfolding in the airline industry is just part of a rapidly developing restructuring of Australian capitalism. Amid an escalating economic breakdown internationally, the government and big business are preparing a coordinated assault on the living standards of working people. In line with developments in Europe and the US, wages are to be driven down, employment protections torn up, jobs destroyed, and public spending slashed for welfare, services, and social infrastructure.

These realities found reflection in today's front-page newspaper headlines—the *Australian's* was titled, "Jobs lost as economic reality hits Australia"—which reported the Qantas job losses together with OneSteel's decision to slash 400 jobs and Westpac flagging even worse mass layoffs.

The key role in sabotaging action in defence of jobs and conditions is being played by the trade unions.

The three trade unions covering the Qantas workforce—the Australian and International Pilots Association (AIPA), Australian Licensed Aircraft Engineers Association (ALAEA), and Transport Workers Union (TWU)—have criticised the company’s restructuring plan. But the unions are preoccupied not with workers’ jobs and conditions but maintaining their own privileged position within the industry.

They have effectively sought to persuade Qantas management to use their services to slash wages in Australia rather than simply shifting operations to Asia. Last May, pilots’ union national president Barry Jackson explained: “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.”

Secretary of the Australian Council of Trade Unions (ACTU), Jeff Lawrence, accused Qantas management of “heading down the path of a race to the bottom that would see a large section of its workforce employed on the pay and conditions of developing countries.”

In reality, the unions have policed a protracted “race to the bottom” within the Australian airline industry. This spans a period from the 1989 pilots’ strike, to the bankruptcy of Ansett Airlines ten years ago, to the acceptance of substandard conditions for Virgin and Jetstar crews, to Qantas’s destruction of 1,750 jobs in 2008.

The unions have above all sought to ensure that Qantas workers remain shackled within the Labor government’s draconian industrial regime, Fair Work Australia. Yesterday’s announcement that 1,000 jobs will be lost surprised no one—Joyce has made numerous provocative statements in recent months denouncing Qantas pilots, engineers, and baggage handlers. The unions responded by attempting to defuse and divert workers’ anger with a series of stunts, including so-called industrial action that involved one-minute work “stoppages” and engineers using tools with their left hands.

The bureaucrats are now seeking to channel opposition to the mass sackings into the parliament, on the basis of a nationalist campaign to save “Australian jobs” through legal action under the 1992 Qantas Sale Act. This legislation, passed when the previous Labor government of Paul Keating privatised the airline, contains toothless provisions requiring Qantas to keep its headquarters and central operational base within Australia.

The Greens and independent parliamentarians Bob Katter and

Nick Xenophon have all condemned Qantas from a national chauvinist standpoint, and there have been calls for a senate inquiry to examine whether the restructuring complies with the Sale Act.

This all represents a conscious diversion, which deserves nothing but the contempt of Qantas workers. A successful defence of jobs, wages, and conditions requires an entirely new political and industrial strategy. Qantas pilots, cabin crew, engineers, and baggage handlers need to organise independently of the unions, forming rank-and-file committees and turning out to other sections of the working class facing similar attacks in Australia and internationally. A decisive stand taken by Qantas workers would quickly become a focal point of opposition throughout the working class for resistance to the destruction of jobs and living standards.

The Qantas workforce is confronted with the urgent need to unite its struggle with those of airline workers in Asia and internationally. The “race to the bottom” described by the ACTU cannot be resisted on the basis of a nationalist strategy, which serves to pit workers of different nationalities against one another. Above all, what is required is a political fight against the Gillard government and the development of a new political leadership in the working class, based on a socialist and internationalist perspective.

The Socialist Equality Party has convened weekend conferences in Sydney (August 20-21) and Melbourne (August 27-28), titled “The Failure of Capitalism and the Fight for Socialism Today”, to discuss these critical political issues facing the working class. We urge Qantas and other workers to register and attend.

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