

Australian airline unions seek deal with Qantas

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Intensive closed-door talks are underway this week between Qantas and three trade unions to reach a deal by Monday, designed to deliver what the company requires to implement a radical restructuring to shift international operations to low-cost hubs in East Asia.

Monday is the deadline for the 21 days of negotiations set by the Labor government's Fair Work Australia (FWA) court on October 31 when it banned—at Prime Minister Julia Gillard's request—all industrial action by Qantas ground staff, engineers and pilots. If settlements are not reached by Monday, the court can order another 21 days of talks, or impose arbitrated outcomes.

The unprecedented FWA-ordered strike ban gave Qantas exactly what it had wanted when it grounded its entire fleet on October 29 and threatened to lock out its workforce in a bid to crush all resistance by Qantas workers. Now the unions are working closely with the company to finalise enterprise agreements that will facilitate the wholesale destruction of conditions and at least 1,000 jobs.

Qantas CEO Alan Joyce assured the financial markets this week that he was confident of striking a bargain by Monday. “We’ll be working until the 11th hour to try and get an agreement,” he told an airports conference. Joyce said he was “not losing any sleep” over legal action launched by the pilots’ union, and mooted by the Transport Workers Union (TWU), which covers ground staff, to challenge the FWA ruling.

As Joyce’s comments indicate, the legal action is a cynical ploy. It is calculated to appease union members, by claiming to oppose the ban on industrial action. In reality, each of the unions, as well as the Australian Council of Trade Unions (ACTU), welcomed the FWA ruling as a means of shutting down the limited industrial action to which they had confined their members. Both the TWU and the pilots’ union have indicated they will drop their mooted legal action once they conclude deals with the company.

For their three-year enterprise agreements with Qantas, the unions have sought “job security” clauses that provide for common levels of pay and conditions for employees in

Qantas and all its subsidiaries. These provisos are supposed to preserve employment and union membership within Australia, however, not lift the standards of Qantas employees in Asia. In essence, the unions have sought to assure Qantas and the government that they can enforce the productivity speedups, “flexibility” of conditions and cuts in jobs and real wages needed to match the offshore cost savings sought by the company.

Amid the deepening global financial crisis, Qantas is facing new levels of competition from lower-cost international carriers such as Emirates, Qatar and Etihad, as well as Asian-based airlines like Air China. It is also seeking to match its rivals across Europe and North America that have initiated major confrontations in recent years to cut jobs and conditions, assisted by the betrayals of the airline unions globally.

Qantas, which is owned by a handful of major financial institutions, has embarked on a far-reaching reorganisation to take full advantage of lower labour costs in Asia and challenge for a share of the expanding Asian passenger market. In this quest, it is fully supported by the Labor government.

In seeking a deal with Qantas, the unions are continuing a long record of class collaboration and betrayal of their members. For three decades, their preoccupation has been to maintain their position as industrial police forces, based on the defence of the profit system from which an army of union functionaries derive career paths and other lucrative perks and benefits.

Particularly since the mid-1980s, under the banner of making Australian-based employers “international competitive,” the airline unions have played the pivotal role in imposing the continuous pro-market restructuring demanded by Australian carriers to fight their international rivals.

A major turning point in this process was the crushing of the airline pilots’ wage dispute in 1989 by Prime Minister Bob Hawke’s Labor government, which organised a strike-breaking operation involving the Royal Australian Air

Force, international airlines and pilots.

That assault was fully backed by the Australian Council of Trade Unions (ACTU) and its affiliates, which endorsed the government's use of Trade Practices Act anti-strike provisions against the pilots. The strike had threatened the wages and incomes Accord between the Labor government and the unions, which involved suppressing opposition to the destruction of jobs and conditions throughout the working class.

Following the pilots' defeat, the airlines soon began to demand work rule changes and other sweeping concessions. In 1991, Ansett and Australian Airlines sought cuts to the conditions of cabin crew, including annualised pay rates, increased monthly and daily hours of work, shorter rest breaks and more multi-tasking.

Despite sweeping changes to working conditions, there were no significant industrial disputes in the airline industry after 1989. Instead, the unions worked with Labor to prepare the next stage—the merger of Australian Airlines with Qantas in 1992, followed by the privatisation of Qantas, a sell-off that was completed by 1996.

To head-off opposition to the privatisation, the unions claimed that the 1992 Qantas Sale Act would protect the conditions and jobs of the airline workers by stipulating that Qantas must remain majority Australian-owned. In reality, there was ongoing union involvement in the decimation of working conditions and jobs via the enterprise bargaining system introduced by the unions and Prime Minister Paul Keating's Labor government.

In the 1996 enterprise agreements, in exchange for Qantas maintaining “collective bargaining through the unions”—the maintenance and engineers unions pledged to work with management “to improve company profitability” and linked “job security” to “improved business performance.” The TWU agreed to allow casual and part-time labour to be introduced to “increase the efficiency of the port or department.”

As Qantas faced mounting competition in its international and domestic markets, the unions deepened their collaboration. When Qantas's major domestic rival Ansett collapsed in 2000, the unions worked alongside administrators to carve up the airline's assets, many of which were acquired by Qantas, and opposed any campaign against the destruction of thousands of jobs.

Just a year later, and after Qantas slashed 1,200 jobs to achieve cost savings of over \$100 million a year, the unions agreed to a one-year wage freeze and a further restructuring of work practices in exchange for a performance-based bonus scheme.

In 2003, Qantas established Jetstar as a low-cost domestic subsidiary with inferior pay and conditions, negotiated with

the unions. The following year, the unions allowed similar conditions to be extended to Australian-based crews as Jetstar Asia commenced operations, marking Qantas's entry into the Asian cut-price market.

Much worse conditions were imposed on Jetstar's Asian-based crew members, which the unions have never lifted a finger to defend. The airline's Thai-based flight attendants are paid just \$258 a month, plus \$7 an hour while actually flying, and can be forced to work shifts of up to 20 hours.

Meanwhile, to gain a foothold in the largely non-unionised budget airline Virgin Blue, which had been launched in 2000, the unions eventually negotiated deals under which cabin staff were paid 30-35 percent less than their Qantas counterparts. This development allowed Qantas and Virgin to pit their workers against each other to produce a downward spiralling of conditions.

Concessions to Qantas and subsidiaries have continued unabated through successive enterprise agreements. During the last round of bargaining in 2007, the unions agreed to Qantas's 3 percent pay ceiling—effectively a wage cut—while the Flight Attendants Association backed a two-tier pay structure so that 2,000 new recruits would be paid 25 percent less for working longer hours.

This brief review of the historical record is enough to demonstrate that the unions are not in the slightest opposed to the company's drive to slash costs. Instead, their concern is that the shift to Asia could undercut their role as industrial policing agencies.

In order to defend their conditions, Qantas workers have to reject the sellout deals being arranged by these pro-business unions. This means developing rank and file organisations, independent of the unions, and preparing for what will be a direct political confrontation with Qantas, the Gillard government, the courts and the unions.

Such a struggle requires the forging of links—independently of the trade unions—with their fellow airline workers and other workers in Australia and internationally. Above all, it necessitates a turn to an alternative political perspective, that of socialist internationalism.

The authors also recommend:

A global political strategy for Qantas workers
[5 November 2011]



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