Australia: Qantas engineering union imposes sell-out deal

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The new enterprise work agreement brokered last month by the Australian Licensed Aircraft Engineers Association (ALAEA) clears the way for Qantas Airlines to proceed with a restructuring plan that will see jobs and conditions across its operations slashed.

Under the three-year deal, the ALAEA accepted the company's 3 percent pay cap on annual wage increases—a cut in real wages—while dropping any opposition to the outsourcing of engineering work. This included abandoning a key claim for the construction of a hanger to allow work on Qantas's new A380s and Boeing 787s to be performed in Australia. The deal also leaves the way open for the introduction of lower paid A-licence workers to perform and sign off on basic maintenance tasks presently done by the licensed engineers.

ALAEA national secretary Steve Purvinas declared that the union was "hand in hand" with Qantas on the agreement. He declared: "Our agreement will not stop them starting up a premium carrier overseas, but it certainly is going to secure the jobs of our members on shore." The union leader said it was "disappointing for us that we couldn't get the A380 work back", but claimed to have won for the engineers "all of our existing functions in a job-security clause".

The so-called job security clause heralded by the ALAEA commits Qantas to nothing beyond retaining a toothless provision of the previous enterprise agreement covering the engineers. The provision states that "the major factor influencing job security for Qantas employees are forces external to Qantas [and] some factors which affect Qantas' business performance are beyond the control of Qantas or are factors over which Qantas has little control", then adds: "Subject to these factors, Qantas commits to retain the existing engineering and maintenance functions of employees covered by this agreement."

Qantas CEO Alan Joyce has made no secret of his intention to shift the airline's operations to low wage platforms in Asia. His praise for the new engineers' agreement exposes ALAEA's claims about job security. Joyce stated that Qantas "had maintained the flexibility needed to operate competitively in the global aviation industry", and had not agreed to any "restrictive demands".

The ALAEA agreement is the first to be signed since the federal Labor government intervened in October to end all industrial action and force the three unions covering engineers, pilots and ground staff into hearings of the Fair Work Australia (FWA) industrial court.

The government intervention was triggered when CEO Joyce took the unprecedented step of grounding the airline's entire fleet. The FWA ruled in favour of the government and ordered the dispute into compulsory arbitration on the basis that ending industrial action was in the national "economic interest".

The unions did not oppose the Gillard government's intervention and welcomed arbitration. As the ALAEA agreement demonstrates, the unions have used the negotiations in the FWA to deepen their collaboration with Qantas. They function as industrial policemen in imposing the company's key demands while confining workers to the FWA straitjacket that blocks virtually all strike action.

Workplace Relations Minister Bill Shorten heralded the engineers' agreement as "proof that the Fair Work Australia arbitration process was striking the right note for all involved parties". He declared: "The government has consistently stated the importance of both sides recognising that they had a mutual interest in resolving the dispute”.

Shorten’s statement goes to the heart of the Labor government’s response to Qantas’s actions. Forcing the Qantas dispute into FWA established a precedent for driving through a new round of savage restructuring not only in the airlines, but throughout the economy. The financial and corporate elite are demanding the slashing of wages and working conditions to what are now commonly referred to as Asian benchmarks.

Following the Qantas dispute, the Labor government has intervened and used FWA to end industrial action by workers at P&O Automotive and General Stevedoring (POAGS), after the company imposed a lockout across several ports. The Maritime Union of Australia immediately accepted a four-week “cooling off” period and headed into FWA to facilitate a mediated outcome. In recent weeks, the industrial court has also been used to suppress action by other sections of waterfront workers, Victorian nurses, and manufacturing workers.

Arbitrated outcomes by the FWA tribunal for the Qantas pilots and ground staff are not expected until later this year. It is likely that the two unions involved will follow the lead of the ALAEA and deliver agreements along the lines dictated by Qantas, ahead of an FWA decision.

Qantas’s offensive against its workforce is driven by the ruthless struggle for market share that lies behind the vast restructuring taking place across the global airline industry.

Central to Qantas’s strategy is the necessity to compete with carriers in rival international code-share partnerships such as StarAlliance and SkyTeam. The cut-throat character of airline competition can be seen in the recent bankruptcy and massive job-shedding by two of Qantas’s international OneWorld partners—Japan Airlines and American Airlines—and the merger of Iberian and British Airways.

Qantas is seeking to increase its share of the rapidly expanding Asian market. To counter the arrangements its rivals have forged with major airlines in China, it is looking to establish joint ventures with Asian carriers, both for a premium operation within Asia and to expand its stable of low-cost Jetstar subsidiaries in Singapore, Vietnam and Japan.

The major obstacle to Qantas’s plans has been the opposition of its workforce in Australia to job cuts and poorer conditions within the new corporate structure. Workers, despite all the efforts of the unions, have hampered management’s unrestricted ability to act.

With opposition of workers suppressed for now, Qantas is now pushing ahead with its restructuring strategy.

Last month, Jetstar Japan, a Jetstar joint venture with Japan Airlines, lodged an application for an air operator’s certificate with Japan’s Ministry of Land Infrastructure, Transport and Tourism. It is seeking to establish operational hubs to facilitate entry into the domestic Japanese market. Jetstar Japan is the central pillar in Jetstar’s pan-Asian growth plan, projected to generate $2.5 billion of revenue in the medium term. Jetstar Pacific is restructuring its budget carrier in Vietnam to cut costs and is developing its alliance with Vietnam Airlines, including joint management.

Moreover, CEO Joyce has reiterated that Qantas is continuing talks to establish a premium airline in Asia and that both Singapore and Kuala Lumpur are being looked at as potential hubs.

To counter Qantas’s global strategy, workers need to develop their own international strategy and unite with their fellow workers in Australia and overseas, in the airlines and other workplaces. This requires a decisive break with the unions that are tied to making national-based employers “internationally competitive” at the expense of workers.

Such a struggle will bring workers into direct confrontation with the Gillard government and its industrial court that operate on behalf of the financial and corporate elite. It is not a question of pressuring Gillard for concessions, but of joining other sections of workers in the fight for a workers’ government to implement socialist policies, including placing the airlines and other major industries under public ownership and democratic oversight.