

# Australia: Qantas axes jobs and maintenance base

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With the backing of the Labor government and complicity of the trade unions, Qantas, Australia's largest airline carrier, announced on Monday the closure of its Tullamarine heavy maintenance base in Victoria, axing hundreds of jobs. The next day the company revealed that it would further restructure the airline in July by formally separating the company's loss-making international operations from its domestic division.

Over 420 jobs are to be eliminated from Tullamarine, which maintains the airline's 737 carrier fleet, with another 113 layoffs at the company's other heavy maintenance facility at Avalon, south west of Melbourne. The combined job cuts, representing around 10 percent of the airline's total engineering workforce, are expected to be completed by August.

Federal Workplace Relations Minister Bill Shorten issued a brief statement claiming to be "saddened" by the news and calling on Qantas to treat workers with "respect". The Labor government has held ongoing consultations with Qantas since it announced in February that its maintenance facilities would be restructured.

At that time, Shorten openly defended Qantas's preparations for mass layoffs in its heavy maintenance engineering. He declared that jobs had to be eliminated because the airline "has got some real challenges ... in the long-term it's a very difficult competition internationally so they have to make hard decisions."

The stage was set for the latest round of restructuring after Qantas grounded its entire fleet last November and threatened to lockout its workforce. The Labor government intervened to close down all industrial action by Qantas workers, including engineers, by forcing their enterprise bargaining disputes into the Fair Work Australia (FWA) industrial tribunal for

compulsory arbitration.

None of the airline unions has called for the engineering jobs to be defended. Federal secretary of the Australian Licensed Aircraft Engineers Association (ALAEA) Steve Purvinas responded to Monday's announcement by claiming it was "devastating news". The engineers' union, however, was the first of three unions involved in last year's enterprise agreement dispute to finalise a deal with the company in January and formally accept the company's restructuring agenda.

Not only did the ALAEA agreement accept a cut in real wages, but it dropped all opposition to the outsourcing of engineering work—a key concern of union members. It also left the way open for the introduction of lower paid A-licence workers to perform and sign off on basic maintenance tasks presently done by licensed engineers, paving the way for Qantas to shed the higher paid engineering workers.

ALAEA has responded to the current engineering job cuts by announcing that it intends to write to aviation safety regulator Civil Aviation Safety Authority and complain that Qantas had not consulted with the unions over the changes. Qantas dismissed the criticism, declaring that there was "no regulation on Qantas internal policy" that required the company to "consult with the union before a decision is made, or which gives unions a power of veto over business decisions."

While Qantas's Avalon base will remain open for now, the 133 job cuts there represent another step towards its eventual closure and the elimination of what is left of the original 652-strong workforce. The Avalon base currently maintains the company's 747 aircraft; but they are being replaced with more modern planes. Qantas claims that required maintenance will drop by 60 percent over the next seven years due to fleet

retirements and the introduction of new, less maintenance intensive aircraft.

Qantas chief executive Alan Joyce told the media on Monday that the current job cuts were not the end of the company's "consolidation process", and that the current restructuring meant that the airline would only retain "one consolidated heavy maintenance base facility in Australia". This is likely to be the airline's purpose-built facility in Queensland, which currently services Qantas's A330 aircraft. From August it will take over the maintenance of the majority of the 737 fleet.

The current cuts take the number of jobs shed by Qantas in collaboration with the Labor government and the unions over the past four years to more than 5,000. Catering jobs are also targeted for elimination under a projected restructure that will close catering in Adelaide and Cairns and consolidate services in Sydney, Melbourne, Brisbane and Perth.

Qantas management claims that the engineering job cuts are the outcome of falling maintenance demands due to newer aircraft. In reality, they form part of a ruthless international offensive against airline workers as carriers seek to slash costs and position themselves in the increasingly cut-throat market. The escalating war for market share has seen several major carriers driven to the wall in the past year. Airline failures so far this year include the Hungarian-based airline Malev and Spanair, Spain's fourth largest airline. In February, Czech Connect Airlines filed for bankruptcy, following American Airlines in December. British Airways-owned low cost carrier Bmibaby is facing closure in September this year.

The closures and job cuts at Qantas are in part aimed at offsetting an 83 percent profit loss for the six months to December. They form part of the \$500 million in savings announced earlier this year that included shedding maintenance, pilots, cabin crew and ground staff jobs. More fundamentally, the job destruction is integral to Qantas's "five-year plan" to restructure its entire operations and wind back the loss-making Australian-based Qantas International while expanding the company's low-cost Jetstar airlines in Singapore, Japan and Vietnam.

In line with this strategy, Qantas announced on Tuesday that from July it will split its international and domestic operations into two distinct business entities

with separate CEOs and management structures.

Qantas domestic business made an underlying before tax profit of \$552 million in the 2010/11 financial year, while the international business lost \$216 million. The separation of the company's two divisions is bound up with management's strategy of basing an ever larger proportion of its operations in Asia, taking advantage of the region's low wage platforms as well as its growing domestic markets.



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