# Qantas unveils job cuts after Fair Work Australia victory

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Qantas announced 2,800 more job cuts last week, just after the Labor government's Fair Work Australia (FWA) tribunal handed down a landmark decision backing the airline's right to outsource work to contractors and labour hire companies. Qantas declared that the ruling had endorsed its insistence that the airline "is entitled to run its business free from union control."

Within hours of the August 8 judgment, Qantas chief executive Alan Joyce told a business forum that the airline hoped to save $300 million a year by slashing more than 10 percent of its workforce. The 2,800 job cuts involved some already announced in recent months, including by reducing three heavy maintenance bases to two, selling two of seven catering outlets, reducing pre-flight engineering checks on aircraft, and closing the LTQ jet engine workshop at Melbourne's Tullamarine airport.

This outcome is the culmination of an offensive launched by Qantas last October, backed by the Gillard government, when the management shut down the fleet and threatened to lock out most of its workforce. The trade unions covering Qantas workers bear the primary responsibility for the result, having blocked all industrial action by their members, and enforced the government's intervention, which placed the dispute in the hands of FWA.

The government immediately hailed the FWA ruling as proof that its Fair Work laws are delivering the requirements of the corporate elite for a radical restructuring at the expense of workers' jobs, conditions and basic rights. Workplace Relations Minister Bill Shorten praised the decision, saying "it highlights the strengths of the current Act."

In effect, the government's industrial court sanctioned the all-out assault signaled by last October's Qantas shut down and government intervention. Those events marked a turning point in the class struggle, on top of mass retrenchments in the steel industry. An avalanche of job cuts and attacks on hard-won conditions followed throughout many industries, as the Australian corporate elite sought to match the cost-cutting onslaught on workers in Europe and America.

The FWA commissioners rejected a claim by the Transport Workers Union (TWU) to limit the proportion of the airline's workforce that could be outsourced. They ruled that Qantas had for many years used labour hire and contractors, claiming that it had not been shown to adversely affect the airline's other employees. "To interfere with management's decision on such a matter would require clear and strong evidence of unfairness," the judgment said. "No such case has been established."

The tribunal further ruled against the TWU's attempt to restrict overtime hours for permanent workers, which is another means of shifting work to lower-wage contractors. Employing the criteria specified in the government's Fair Work Act, the judges emphasised a focus on "eliminating unreasonable restraints to productivity" and ensuring that Qantas could "implement cost savings" in order to respond to competition.

The decision paves the way for even deeper job cuts and restructuring by Qantas. The ruling is binding for the duration of the workplace agreement, rendering illegal any industrial action by TWU members against outsourcing and related measures.

During enterprise bargaining disputes last year, the TWU, engineers' union and the long-haul pilots' union sought to limit outsourcing by inserting "job security"

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clauses into new three-year agreements. After the government's intervention, they fell into line immediately, shutting down the limited industrial action they had previously sanctioned. The engineers' union then dropped its claim in December, while the TWU and the pilots' union agreed to binding arbitration by the FWA judges.

The FWA members also backed Qantas's imposition of a 3 percent annual pay rise cap, rejecting the TWU's 5 percent claim, with "due regard to the current circumstances of the employees and Qantas." They agreed, however, with the union's call for Qantas to be prevented from resorting to compulsory redundancies when hiring more contractors. This sole victory for the TWU indicated that the FWA accepted the unions' pleas for so-called voluntary redundancies to be used, as a means of preventing struggles erupting against forced sackings.

Employer and media groups welcomed the ruling as setting a precedent for use throughout the economy. An *Australian* editorial stated: "The victory by Qantas in its protracted industrial dispute with the Transport Workers Union should be seen as benchmark ruling in favour of the right of any company to run its operations as it sees fit, free from union bullying and intimidation, while paying proper regard to the financial viability of the business, the concerns of its employees and the duty it has to shareholders."

TWU national secretary Tony Sheldon cynically called the decision a win for Qantas workers, citing the 3 percent pay rises and the ban on compulsory retrenchments. In reality, the ruling delivered Qantas everything it had wanted when it threatened to lock out its workers.

The TWU's position stems from the unions' pro-capitalist and nationalist perspective. The Australian unions, like their international counterparts, have suppressed workers' resistance to corporate restructuring, in order to assist Australian corporations under-cut their rivals.

Qantas is transforming its operations to compete with other airlines, which have increasingly penetrated the Australian market, and to deepen its entry into the low-cost Asian airline market. This is occurring amid a barrage of attacks on airline workers internationally, as airlines seek to exploit and survive the global economic crisis by targeting their workforces.

In June, Air France announced it was cutting 5,000 jobs and seeking to cut running costs by €2 billion. In May, German airline Lufthansa announced its intention to cut €1.5 billion and remove over 3,000 jobs. US airlines have cut more than 65,000 jobs since 2008. Many thousands more jobs have been cut from airlines internationally over the past four years.

Like its rivals, Qantas is expanding its low-cost offshoot companies, such as the Jetstar airline, which operates domestically, as well as in Vietnam, Japan, Thailand and Singapore.

The FWA decision will not affect just Qantas workers, as was made clear in an August 9 editorial in the *Australian Financial Review*. The editorial denounced the Maritime Union of Australia for slowing down the installation of waterfront technologies that would decimate the port workforce. The editorial welcomed the FWA ruling in an implied threat to dock workers that if they do not agree to management's demands, the FWA judges would impose them.

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