Qantas Airways announces another 1,000 job cuts

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Qantas Airways announced yesterday that it will eliminate another 1,000 jobs from its Australian-based workforce over the next year. CEO Alan Joyce declared that he expected the company's global operations to register losses of between $250 million and $300 million in the last six months of 2013. Credit rating agency Standard & Poor's responded by downgrading Qantas's credit rating from BBB minus, its lowest investment grade rating, to essentially junk status.

The job cuts include the 300 positions that will be axed when the company closes its maintenance base at Avalon, near Geelong in Victoria, next March. Executives will begin negotiations with the trade unions, which have immediately accepted the cuts, as to how and where the 700 other positions will be eliminated. In an attempt to cloak this assault on the Qantas workforce in the bogus garb of "shared sacrifice," executive salaries will be frozen and board members will take a salary cut.

Alan Joyce staged a press conference to rail against what he denounced as "distortions" in the Australian airline market and "anti-competitive actions" by the other Australian-flagged carrier, Virgin Airlines. Qantas—formerly a state-owned company—is regulated by the Qantas Sale Act that limits foreign ownership in the airline to 49 percent. It has been bypassed in the wave of mergers and takeovers that have swept the international airline industry since the 2008 financial crisis.

Virgin Australia, by contrast, is now two-thirds owned by Singapore Airlines, Etihad and Air New Zealand. This year, these airlines backed Virgin to raise $350 million in capital markets to finance the expansion of its flights within Australia and the Asian region. This has threatened to further undermine Qantas's market share on both its international and domestic operations. While Qantas has struck new code-sharing agreements with the Middle East-based Emirates and just announced an agreement with the largest Chinese carrier, China Southern Airlines, several rival airlines have aggressively sought to increase their share of flights between Australia and major international destinations, to help offset a decline in their European and North American markets.

Yesterday's announcement triggered an immediate 10 percent plunge in Qantas's share price. It now stands at just over $1, compared with $6.06 in 2007.

Joyce last month appealed to the Liberal-National government of Prime Minister Tony Abbott to assist the airline. While no specific requests were made public, Treasurer Joe Hockey told a business conference that the foreign ownership limit could be reviewed, potentially allowing it to be taken over by a larger international carrier. The possibility was also raised of the government buying a stake in the airline or guaranteeing its debt, to enable it to raise more capital despite its losses. Government ministers today, however, ruled out any financial assistance or changes to the foreign ownership limit.

The atmosphere of crisis that now surrounds the airline will be used by both the Abbott government and Qantas management, aided by the trade unions, to further escalate the assault that has been waged on Qantas workers' jobs, wages and working conditions over the past five years.

Qantas has eliminated thousands of jobs and outsourced more and more of its operations to contracting firms as part of a cost cutting drive aimed at boosting profits. In October 2011 the airline grounded its entire global fleet providing the then Labor government with the pretext to initiate an emergency hearing in the Fair Work industrial court and gain an order that illegalised an industrial campaign by Qantas workers against the use of contract labour. The trade unions immediately fell into line. In August 2012, after months of hearings, the court imposed a binding three-year workplace agreement that rejected any limits on outsourcing. Within hours of this, Qantas announced that it would shed 2,800 maintenance and catering jobs.

At the same time, Qantas has stepped up its decade-long strategy of channelling a growing proportion of its business to its stable of low-cost Jetstar subsidiaries.

Qantas established Jetstar Australia in 2003 with the agreement of the trade unions. The subsidiary's pilots and flight crews received inferior conditions to Qantas staff. Qantas then launched a joint venture, low-cost subsidiary in Singapore, Jetstar Asia. The carrier competes for cheap flight business in the Asia market, particularly to China, and provides flights to and from Australia via Singapore using lower cost Singapore-based pilots and crew. Qantas also formed a wholly-owned New Zealand-based subsidiary, Jetconnect, whose staff are paid New Zealand wages and conditions to operate budget Qantas flights in and out of Australia.

Jetstar Pacific, another joint venture, operates out of Vietnam. Jetstar Japan went into operation in 2012 and received an injection of $60 million this year from Qantas to finance its expansion. CEO Alan Joyce intended to launch Jetstar HongKong this year, but is still awaiting approval. Its plans to establish a premium carrier subsidiary in either Singapore or Malaysia are also on hold due to national regulatory obstacles.

With Jetstar domestic and international passenger numbers beginning to rival those of Qantas, Joyce flagged yesterday the possibility of selling off considerable stakes in these subsidiaries, as a means of bypassing foreign ownership restrictions. Emirates Airline has been touted as a potential buyer.

While Jetstar may be spun off and expanded, Qantas-branded operations face a further radical downsizing, with reduced flights concentrating only on the most profitable international and business class routes. The 1,000 job cuts announced yesterday will not be the last. Moreover, the cutbacks at Qantas will also feed into demands by Virgin management for cost-cutting measures.

The trade unions that cover Qantas workers have enforced every round of layoffs in recent years, totalling 8,500 jobs since 2009. At every point, attempts by workers to oppose the company's agenda and defend their interests have been channelled by the unions into impotent protest actions and then suppressed entirely by the industrial court. The unions covering Qantas workers, including the Transport Workers Union, Australian Licenced Aircraft Engineers Association, and Australian and International Pilots Association, have all signalled that no action will be taken in response to the latest sackings.

The assault on Qantas workers is part of a global process. Tens of thousands of jobs have been destroyed by airlines around the world, and wages and benefits slashed, in the dog-eat-dog struggle by rival corporations for market share and profits. The unions everywhere have collaborated in cutting workers' conditions in the name of making "their" national carrier "internationally competitive".

Qantas workers can only fight the savage restructuring that is being prepared by forming rank-and-file committees that are independent of the unions. The latest sackings should be opposed and a unified fight developed by airline workers at Jetstar, Virgin and internationally to defend jobs, wages and working conditions on the basis of a socialist perspective.