Australia: Qantas reaps record profits by slashing jobs and wages

Terry Cook
5 March 2016

Australia's main airline carrier group Qantas announced last week a 234 percent jump in its first-half profit from July to December 2015, returning $688 million across its operations. Qantas CEO Alan Joyce hailed the best half-year return in the carrier's 95-year history, reversing a $2.8 billion net loss for the year to June 2014.

Qantas also unveiled a $500 million share buyback, taking to $1 billion the sum returned in less than a year to its shareholders, which are predominantly global finance houses.

While $448 million of the profit increase was attributed to savings on jet fuel, due to plunging global oil prices, the remainder was directly ripped out of the jobs and conditions of the company's workforce, with the help of the trade unions covering workers at Qantas and its low-cost subsidiary, Jetstar.

Over the past five years, first under the previous Labor government, then the current Liberal-National government, the management of the former state-owned airline has been in the forefront of the destruction of jobs and conditions.

In the first instance, the profits were reaped from the "Qantas Transformation" program announced in February 2014, which involved the destruction of 5,000 full-time jobs, or around or 15 percent of the workforce, an 18-month wage freeze and the slashing of working conditions.

The foundations for that assault were laid in 2011 when Qantas grounded its entire international fleet as a means of smashing workers' resistance to its restructuring drive. In response, the unions worked closely with the then Labor government, which intervened via its Fair Work tribunal to outlaw all industrial action by Qantas workers. This gave the unions time to impose agreements on their members to deliver management's demands. As a result, nearly 3,000 jobs were eliminated or contracted out by 2012.

At a shareholders meeting last October, Joyce praised the "commitment" of the 30,000 remaining Qantas workers. They had "been responsible for implementing this program of rapid and significant change."

In reality, the cost cutting was imposed on the airline's workers through a combination of outright intimidation and the collaboration of the unions, which systematically suppressed any potential opposition by their members.

Within a month of the 2014 announcement of the "transformation" plan, the Australian Services Union (ASU) ditched all talk of industrial action and brokered an agreement with the company to cut the number of full-time staff by one third at its Sydney airport international terminal via supposed "voluntary redundancies."

This agreement was hailed by the Australian Council of Trade Unions (ACTU) as a template for implementing all 5,000 job cuts. ACTU secretary Dave Oliver told the media that if Qantas could demonstrate to the unions that "genuine redundancies" were needed, "then our expectation is that the arrangements agreed to between Qantas and the ASU could be applied consistently across the workforce."

With this assurance, Qantas was able to axe 4,000 jobs by June 2015, as planned, in engineering, catering, freight, cabin crew and airport and flight operations. Throughout last year, the unions also helped the company impose the 18-month pay freeze in work agreements covering thousands of workers.

Working closely with the company, the unions presented, as a gain, a one-off bonus equivalent to around 5 percent of each worker's salary. In reality, the bonus ties annual pay increases to just 3 percent on the

© World Socialist Web Site

termination of the pay freeze, thereby saving the company millions of dollars. By the end of last year, the airline unions had imposed 24 wage freeze agreements covering more than 10,000 Qantas staff.

Last month, 350 baggage handlers, members of the Transport Workers Union (TWU), employed at Jetstar overwhelmingly rejected a four-year agreement put to them directly by management. The agreement contained an 18-month pay freeze, and required workers to be available for a six-day week without overtime, while committing management to guarantee casual employees only 30 hours of work a week. Many of the baggage handlers are paid as little as $665 per week.

While TWU national secretary Tony Sheldon congratulated the Jetstar workers for "standing together and rejecting this proposal," the union's only concern was that management drew up and presented the proposal without the TWU's assistance.

Jetstar has signalled it will turn to the union to impose its requirements. A company spokesman told the media: "If the TWU want to meet with us again we'll do so, but the reality is we do not have a better offer to put forward." He added: "We have been really clear that any new EBA must contain the 18-month wage freeze."

The TWU's willingness to comply was demonstrated in February last year, when the union brokered a pay freeze agreement covering 2,600 workers, including airport, catering and freight employers. This deal, the largest single enterprise agreement reached at Qantas, helped set a benchmark to be imposed across Qantas's operations.

Both in 2011–12 and 2014–15, the cuts to jobs, wages and conditions at Qantas, one of the country's largest employers, helped pave the way for similar attacks on workers across Australia. Tens of thousands of jobs have been eliminated in basic industry over the past five years, and more than 760,000 people are now looking for work, even by the deliberately under-stated official figures.

Despite the company's record profit, there is no finishing line for the assault on workers at Qantas or anywhere else. With global competition accelerating since the 2008 global meltdown, Qantas and other major transnational companies will continue to ruthlessly restructure, assisted by the unions.

Airlines worldwide are continuing to shed jobs in cut-throat battles for market share. Last month alone, Air France unveiled plans to cut 1,400 jobs, Ryanair said it will cut 600 jobs and Delta Airlines announced 120 job cuts, while Meridiana and Qatar Airways confirmed they will shed 900 jobs as part of a planned merger.

Against the betrayals of the unions, a globally-unified fight by workers is essential to stop airline workers internationally being endlessly played off against each other, resulting in a downward spiral of worsening working conditions and elimination of jobs.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site