

Australia's largest airline Qantas axes 6,000 jobs to slash costs

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Like its competitors internationally, Australia's largest airline Qantas is seizing on the COVID-19 pandemic to restructure its operations in a bid to emerge as a dominant player in the global market.

In April, as the pandemic lockdowns began to impact international air travel, Qantas CEO Alan Joyce told the media: "this will be survival of the fittest." Joyce predicted that not all airlines would survive and declared: "One of the things we are working on is making sure we are the last man standing."

In line with this predatory strategy, Qantas announced last Thursday that it will axe 6,000 jobs, from its 29,000-strong workforce. This is part of a drive to slash costs by \$15 billion over three years and then \$1 billion annually after 2023.

Qantas's jobs cull comes on top of its decision in April to stand-down 15,000 employees without pay or on enforced leave. It grounded 150 aircraft including most of its wide-bodied planes, even as it pocketed its share of a \$715 million federal government handout to Australia's airline companies.

Joyce confirmed last week that at least 100 of the grounded planes will remain out of service for up to a year. This includes all of the company's double-decker A380s. Existing orders for Airbus A321neo and Boeing 787-9 Dreamliners have been deferred.

The 6,000 sacked workers are being flung out in the midst of a rapidly shrinking job market across the global aviation industry that is already registering mass layoffs.

Since the pandemic began, 12,000 job cuts have been announced by British Airways, 3,000 by Ryanair and Lufthansa is planning to shed 22,000 full-time and 4,000 part time jobs.

While the sacked Qantas workers now face a bleak and precarious future, the airline's board rewarded

Joyce, who was paid almost \$24 million last year, by extending his tenure to at least 2023.

Adding to the dire situation facing sacked Qantas workers, Boston-headquartered private investment firm Bain Capital has now acquired Australia's second largest airline Virgin Australia. This followed a frantic bidding war involving as many as ten competitors who circled the ailing carrier after it was placed into administration in early April owing more than \$6.8 billion to creditors.

Bain plans a far-reaching restructure of Virgin involving the ditching of its full service operation, the abandonment of numbers of routes, asset sell offs and a radical downsizing of the current 9,000 workforce. The deal is set to go to a creditors meeting for approval in August, while bondholders carrying \$2 billion worth of debt are predicted to receive as little as 10 cents in the dollar.

Even as he announced the job cuts, Joyce admitted that Qantas currently has \$5 billion in capital. He said this meant the airline could still "survive even under current restrictions." To justify the mass sackings, Joyce added: "I don't want to continue to burn through cash."

In fact, over the past three years, Qantas made \$4.43 billion in profits. The returns were on the back of previous restructurings initiated by Joyce from 2014 that included the destruction of 5,000 full-time jobs, the imposition of an 18-month wage freeze and the slashing of working conditions.

This assault on the Qantas workforce was opened by Joyce's grounding of the airline's entire fleet in 2011 during a work contract dispute to impose an agreement slashing jobs and conditions.

Following last week's announcement, Qantas also turned to the capital markets to raise \$1.9 billion in

equity. This will allow existing shareholders to take up to \$30,000 of discounted stock in a massive \$500 million share purchase plan. Among those benefiting from this windfall will be the highly paid executives, including Joyce himself, whose company Alan Joyce Pty Ltd ranks fifteen among Qantas shareholders.

The sackings are also partly to apply pressure for the lifting of international and domestic travel restrictions, regardless of the threat this poses of COVID-19 infections.

Confirming that he had held “constructive discussions” with federal and state governments about border openings, Joyce told the media he expected to achieve 40 percent of the airline’s pre-crisis domestic flying before the end of this month.

Despite some mealy-mouthed criticism, the airline unions have already signalled that they will do nothing to oppose the Qantas job cuts.

Transport Workers’ Union national secretary Michael Kaine accused Joyce of being “quick to cut jobs and hang workers out to dry.” His main complaint, however, was that the company should have held back on sackings until after the federal Liberal-National government of Prime Minister Scott Morrison announced whether it would extend its JobKeeper wage subsidy past the current September deadline.

Qantas has benefited from the scheme, which provides companies with a payment of up to \$1,500 per fortnight for each worker they keep on the books. While handing on the measly subsidy to the 15,000 it stood down in April, Qantas has been able to utilise the JobKeeper payment to partly fund leave payouts in a ploy to save the company money.

While feigning anger over the Qantas sackings, the unions continue to appeal to the Morrison government to provide Qantas with further financial handouts. Kaine claimed last week that this was necessary “to allow the airline to weather the crisis.”

Michele O’Neil, president of the country’s peak union body, the Australian Council of Trade Unions (ACTU), similarly declared: “Scott Morrison must act immediately to extend JobKeeper, and deliver a direct and urgent industry assistance package” to Qantas.

Determined to secure a place for the unions in Qantas’s restructuring operation, O’Neil called on the government to “convene crisis talks immediately.” She was joined by Australian Services Union assistant

national secretary Linda White who urged Qantas and the federal government to work with the union “on alternative solutions to get through the crisis.”

The craven response of the unions is in line with their record over the past three decades of working with governments, Liberal and Labor, and the employers to enforce the destruction of thousands of jobs, the imposition of ever-more onerous workloads and the decimation of previous conditions.

The record shows that Qantas workers can only defend jobs and conditions through a break with the pro-business airline unions and the establishment of new organisations of struggle, including independent rank-and-file committees. These would be tasked with turning out to airline workers, and other sections of the working class around the country and globally, who are all facing a similar offensive against their social position.

The struggle must be based on a fight for a workers’ government to enact socialist policies including placing the airlines and all essential industries, along with the major banks and corporations, under public ownership and democratic workers’ control.



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