

# Virgin Australia unions plan merger to impose Bain Capital's cost-cutting demands

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The Virgin Independent Pilots Association (VIPA) and the Transport Workers Union (TWU) confirmed this month that they will amalgamate the two unions by July, subject to a vote of pilots.

Both unions have been talking up the supposed benefits for pilots and other Virgin Australia workers of the merger, but it has nothing to do with defending the jobs and conditions of airline workers.

Its real purpose is to strengthen the capacity of the union bureaucracy to prevent any opposition to the ongoing restructuring drive by Virgin to drastically slash costs at workers' expense. This has been the agenda implemented from day one by the airline's new owners, US private equity firm Bain Capital.

Speaking to the media, VIPA president John Lyons declared the merger "will help boost the voice of pilots and give us added strength across the industry." TWU national secretary Michael Kaine claimed it "will give our members a stronger voice not just in Virgin but across the aviation landscape." Kaine insisted that "both unions are focused on lifting standards in aviation and using our collective strength to achieve that."

The record of the unions shows the fraud of this pretence.

Virgin went into administration in March 2020, owing banks and other creditors more than \$6.8 billion. Immediately after Bain's \$3.5 billion buyout of Virgin was finalised last November, the airline slashed 3,000 jobs and ditched its carrier's low-cost airline TigerAir at the cost of hundreds of jobs. All 220 pilot positions at TigerAir had already been shed.

Kaine welcomed this ruthless restructure, saying Bain's plan "to restart Virgin Australia" as a "leaner" operation offered a "glimmer of hope" for the future. Other unions covering Virgin's workforce made

similar statements.

Their purpose was to telegraph the unions' willingness to collaborate with Bain in further cost-cutting, starting with the closed-door negotiations for four new enterprise bargaining agreements (EBAs) that began late last year.

Virgin's CEO Jayne Hrdlicka, installed by Bain, praised the unions for delivering on the company's demands. "We've asked a lot of them [the unions] as a result of the operating environment we find ourselves in, and we are grateful for their understanding and support throughout," she said.

The TWU, along with the FAAA (Flight Attendants Association of Australia), ASU (Australian Services Union) and ALAEA (Australian Licensed Aircraft Engineers Association) then got to work to ensure their members endorsed the "in-principle" wage-cutting deals they had already signed. The EBAs cover cabin crew, baggage handlers, ramp workers, cleaners, caterers, refuellers and security workers

The three-year agreements centre on 18-month to two-year pay freezes, and stays on the payment of a range of other allowances. They involve deep cuts to real pay and conditions, including for flight attendants, ground staff and other low-paid workers.

Under the ASU deal, for example, the highest pay rate for the most experienced and most qualified guest service workers remained at the base rate of just \$27.27 an hour, while "trainees" were stuck at \$22.22 and new recruits unable to rise above \$24.64. Only 18 percent of the workforce must be full-time, leaving the vast majority on part-time work, and only guaranteed a minimum of 20 hours a week.

The unions claimed the EBAs provided guarantees that no more of Virgin's roughly 6,000-strong workforce, covered by the four unions, would be

outsourced “in the meantime.”

In reality, the unions, anticipating rank-and-file opposition, cynically utilised the company’s threat that Virgin workers would face deeper job cuts via outsourcing unless they accepted the wage freeze deals. On that basis, they pushed through endorsement of the EBAs in membership ballots last month.

Moreover, the outsourcing “guarantee” is worthless. It could quickly be jettisoned by Virgin under conditions where competitors such as Qantas continue to exploit the crisis in the aviation sector produced by COVID-19 to further restructure their operations to boost profits and gain a competitive edge.

Since the outset of the pandemic, Qantas has laid off around 8,500 employees or close to a third of its workforce. The company is now outsourcing over 2,000 positions, including baggage handlers, ramp workers and cabin cleaners.

The TWU blocked any fight by workers against the Qantas outsourcing, instead pushing the issue into the Federal Court and burying it in a Senate inquiry. These moves were initiated after the TWU failed to convince Qantas to employ the union itself as the cheap labour contractor for the outsourcing operation.

Cut-throat competition will only intensify if the airlines in Australia and internationally are successful in their bids to pressure governments to abandon restrictions and prematurely fully reopen global air travel. That will see the further continuous setting of ever-more exploitative benchmarks across the worldwide aviation industry.

To soften up Virgin workers for more job cuts overseen by the unions, Kaine warned: “Virgin’s future is far from certain with the pandemic continuing to play havoc with air travel and the disastrous vaccine rollout casting doubt on the resumption of normal travel into and around Australia.”

In a grovelling display of unity with Bain, Kaine presented the unions’ sell-out deals and the management’s attacks on jobs and working conditions as the outcome of the “tireless work” of Virgin staff to “get the airline back on its feet.” This is in line with the program pursued by all the trade unions: subordinating workers’ interests to those of the wealthy corporate elite.

Kaine said workers would hold Virgin’s new owners “to account over promises made to keep a full-service

airline” and to get “Virgin back to its position as Australia’s strong second airline.”

Similar threats of job losses will be used by the unions to impose a regressive deal on Virgin’s pilots, and on workers at other airlines. Eager to further prove the unions’ worth to Bain as a reliable industrial police force, Kaine urged Virgin “to finalise this process [EBA negotiations],” claiming this would “give pilots the certainty they require about their futures.”

Virgin and Qantas have continued to slash jobs and conditions despite receiving repeated multi-billion-dollar support packages and wage subsidies from the Liberal-National government, backed by the Labor Party opposition.

Around the globe, airlines have axed tens of thousands of jobs over the past year, despite similar massive bailouts by governments, while the unions have suppressed workers’ opposition.

Airline workers must take stock of the situation that they face. The record demonstrates that the fight to defend and improve jobs and working conditions requires a decisive break with the unions, which act as direct agencies of the airline companies.

New genuine working-class organisations have to be built, including a network of rank-and-file committees across the aviation industry in Australia and globally to organise a unified counter offensive by workers against the employers’ escalating attacks. That is why the International Committee of the Fourth International is calling for the building of an International Workers Alliance of Rank-and-File Committees (IWA-RFC).

This struggle requires a socialist perspective that rejects the dictates of the financial elite, including the owners of Bain and Qantas, and fights for workers’ governments to place aviation and all essential industries under public ownership and the democratic control of the working class, to be used for social need, not private profit.



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