

Australian airline exploits pandemic in an attempt to sink rivals

By Terry Cook
4 April 2020

Even as they stand down most of their workforces, airline giants internationally are exploiting the COVID-19 pandemic to demand massive government bailouts to position themselves to sink their rivals and gain market dominance.

In the US, airlines are calling for a total bailout of between \$29 and \$58 billion in the form of grants, loans and tax abatement, while the airline companies in the UK, including Virgin Atlantic, are seeking a £7.5 billion bailout package.

Alan Joyce, CEO of the Australian carrier Qantas, gave voice to the predatory agenda behind these demands. He told the media last month: “I think this will be a survival of the fittest and I think Qantas is one of the fittest and most dynamic airlines in the world. We know we [Qantas] can ride this out. Not all airlines around the world will. Qantas will not be one of them. One of the things we are working on is making sure we are last man standing.”

Joyce made this statement days before announcing the indefinite unpaid stand-down of two thirds of the company’s 30,000-strong workforce, just after Qantas pocketed its share of a \$715 million government handout to Australia’s airline companies.

Qantas further announced that sick and carer’s leave will not apply during the stand-down, so that workers who contract the virus will be unable to access these entitlements and those who were previously on sick leave will be cut off.

These actions were on top of the company’s elimination of thousands of jobs over the past decade. Joyce is notorious for grounding the entire Qantas fleet in a 2011 dispute to impose an agreement slashing jobs and conditions.

One of the outcomes was the “Qantas Transformation” program of 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.

Even with that record of contempt for Qantas workers, Joyce is attempting to rally them in a war against the company’s rivals, particularly Virgin Australia, which also shut down most flights and stood down 8,000 workers.

In a conference call last month to stood-down workers, Joyce urged them to petition their federal members of parliament to demand that no further bailout measures be extended to Virgin, which is seeking a government \$1.4 billion loan.

Evoking rabid nationalism, Joyce declared that Australian governments “are definitely not there to support a company that’s owned by Singaporeans, Chinese, Abu Dhabi and a British billionaire”—a reference to the ownership structure of Virgin Australia.

Airlines’ exploitation of workers to maximise profits, however, is not determined by the nationality of its owners. Qantas’s major shareholders are some of the most rapacious sections of the global financial establishment.

They include J. P. Morgan Nominees Australia, a division of the global J. P. Morgan investment house, Citicorp Nominees and HSBC Custody Nominees, a UK-based multi-national investment bank. Between them, these three finance houses own just over 74 percent of the airline’s shares. These funds have strong ties with major banks and key corporate exploiters. Significantly, Alan Joyce Pty Ltd ranks number 15 among Qantas shareholders.

Qantas workers cannot defend their interests by backing Qantas’s offensive against its competitors. Such corporate warfare results in the mass destruction

of the jobs, wages and conditions of airline workers in Australia and globally.

That occurred following the collapse of domestic carrier Ansett Airlines in 2000. Its demise was largely driven by a ruthless cost-cutting campaign by Qantas to establish its dominance over the domestic market.

The Ansett collapse resulted in the destruction of 16,000 jobs. Qantas hired only around 600 of the displaced workers, and employed them on less favourable conditions than they previously received. It also acquired valuable assets from the Ansett carve-up.

While the banks and other large secured creditors were paid first from the proceeds of Ansett asset sales, the retrenched workers were forced to wait for many years before receiving even a portion of what they were owed in wages and accrued entitlements.

As for Qantas, operating as a virtual monopoly, it was able to realise \$4.4 billion in net profits (after tax) in the seven years following the Ansett collapse, even with the highest jet fuel prices in history.

Just before the pandemic hit, there was a warning of what is to come for Qantas workers when the company ramped up its offensive to drive down their wages and conditions.

Joyce threatened to hire an alternate workforce to replace the company's long-haul pilots if they refused to accept more onerous conditions and a reduction in pay associated with the introduction of gruelling flights to operate non-stop from Australia's east coast to London and New York from 2023.

Meanwhile, Qantas executives and shareholders continue to make money hand over fist through share buybacks.

While the company has suspended a recently-announced \$150 million share buyback, it reported that it had bought back almost one-third of its shares since 2015, providing shareholders \$3.2 billion in cash, on top of dividends. The buy-backs sharply increased the airline's share price and total shareholder returns, on which Joyce's lucrative bonuses are calculated. In 2018, Joyce received a \$23.88 million remuneration package—more than 275 times the full-time average wage.

Airline workers cannot put any faith in Labor or the trade unions taking any measures to defend their interests. It was Labor, backed by the unions, that privatised Qantas in 1995, opening up the

government-owned enterprise to profit-hungry corporate investors.

The airline unions, under the banner of making the Australian-based airlines internationally competitive, have for decades forced workers to make concessions to the employers in every round of enterprise bargaining. In dispute after dispute they have enforced the draconian anti-strike provisions in industrial relations laws fashioned by the last Labor government in 2009 to close down opposition by workers.

Airline workers must reject all attempts by employers and unions to subordinate them to corporate profit interests. The turn must be to the construction of elected rank-and-file committees, independent of the unions, to work for a unified struggle across the airline sector in Australia and internationally and to fight for a workers' government to place the industry in public hands and under democratic workers' control.

To contact the WSWS and the
Socialist Equality Party visit:

<http://www.wsws.org>