# Unions enforce takeover of Virgin Australia by private equity firm

**By Martin Scott**
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Virgin Australia creditors yesterday voted in favour of a $3.5 billion buyout by private equity firm Bain Capital after union leaders urged workers to back the deal.

While the sale will allegedly allow Virgin employees to receive the approximately $451 million owed to them, it will not result in the reinstatement of the 3,000 workers sacked last month, or guarantee the jobs of the remaining 6,000 Virgin staff.

Virgin CEO Paul Scurrah said yesterday that while further cuts were not planned in the short term, if there are “changes” to the federal government’s JobKeeper wage subsidy, “clearly our position on that will have to be reviewed. We cannot give any guarantees at this point in time.”

In other words, the airline’s remaining workers will keep their jobs for only as long as its owners continue to receive massive sums of public money. JobKeeper is being progressively wound back, beginning this month, meaning that Scurrah’s statements are a virtual guarantee of further mass sackings.

The Australian Federation of Airline Pilots (AFAP), which covers most Virgin pilots, called on workers to support the Bain deal, claiming that the only alternative was liquidation “which would mean millions in lost entitlements for thousands of employees.”

Despite the recent sacking of one third of Virgin’s crew, AFAP has not flagged any action beyond a nebulous vow to “focus on holding Bain and CEO Paul Scurrah to their commitments to grow the airline once the pandemic subsides.”

The Australian Licensed Aircraft Engineers Association (ALAEA), which represents 350 Virgin maintenance workers also urged its members to support the deal.

The ALAEA, along with the Transport Workers Union (TWU) previously objected to Bain’s plan to appoint former Qantas executive Jayne Hrdlicka in a leadership position. Hrdlicka ran low-cost Qantas affiliate Jetstar between 2012 and 2017, during which time the group slashed more than 5,000 jobs. In reality these “voluntary redundancies” were executed with the backing of the Australian Council of Trade Unions and the Australian Services Union, which also helped the company impose an 18-month pay freeze on thousands of employees.

The TWU threw its support behind the deal after Bain promised to create a “union advisory council” at the resurrected Virgin. The body, which will comprise three union representatives, Bain, and Virgin CEO Paul Scurrah, will further entrench the unions as an arm of management.

Bain has a long history in the parasitic practice of “leveraged buyouts” in which cash-strapped companies are bought up, huge management fees are accrued, assets are stripped and workers are thrown on the scrapheap to prepare the company for quick resale.

The union advisory council will enforce this agenda. It will insist that workers continue to accept sackings and reduced conditions, in a never-ending regression based on a lie that this will “protect” some jobs.

TWU National Secretary Michael Kaine said he hoped to use the advisory council to influence the makeup of the Virgin board, flagging the union’s intention to subordinate unrest among workers to appeals to upper management.

In an August 25 statement, the TWU “welcome[d] the administrators creditors’ report on Virgin as another milestone for the airline.” The union made no criticism or demands of the company, instead laying the blame for the wave of job losses at Virgin and Qantas at the feet of the Liberal-National federal government.

The statement read: “We will hold the Federal Government to account over its failures on Virgin. It has provided little direction or assurances on the future despite the fact that tens of thousands of jobs are dependent on Virgin getting back up and running.”

In other words, the union is calling for a further transfer of public money into the coffers of big business based on the premise that Virgin is “too big to fail” and must be propped up.

Virgin has already claimed an estimated $156 million in wage subsidies from the falsely-titled JobKeeper scheme, despite sacking thousands of workers and compelling others to take their accrued leave during the pandemic. The company also shared in a $715 million federal relief package for the airline industry announced in March.

Prior to the announcement of “JobKeeper 2.0,” the administrators handling the Virgin sale warned the federal government that leading bidders had threatened to pull out if the wage subsidy was not extended beyond its original end date of September 27.

While airlines throughout the world have been severely impacted by COVID-19, the reality is that Virgin had been running at a loss for years before the pandemic. In August last year, Scurrah announced 750 jobs would be slashed after the airline recorded its seventh consecutive annual loss.

The devastation in the Australian aviation industry is not limited to Virgin. Despite receiving at least $515 million in government handouts and wage subsidies, Qantas last month announced that it would shed 2,050 ground-handling jobs—on top of 6,000 cuts issued in June—while its Jetstar will let go 370 workers.

The cuts follow strikes in December and January by Jetstar pilots and baggage handlers. The TWU and AFAP collaborated with management to minimise the impact of the industrial action, engaging in only rolling stoppages, and halting the strikes over the busy Christmas period.

In response to the latest cuts, the TWU has called for Qantas CEO Alan Joyce to “step down and let some civilised, moderate, responsible leadership take place at Qantas.” This characterisation of the assault on workers as the product of an individual CEO promotes the illusion that a change in management could provide fair conditions and stable employment for workers.

The reality is that the attack on jobs and conditions currently being carried out under the guise of the coronavirus pandemic is the inevitable result of businesses being operated solely to serve the profit interests of their shareholders.

Contrary to the claims of the unions, no change in management, “advisory council” or corporate bailout will protect jobs in aviation or any other industry. The establishment of the “advisory council” demonstrates that the unions are the direct agents of the most predatory and rapacious sections of finance capital.

The fight to defend jobs and conditions means a rebellion against these corporatised, anti-working class organisations. New organisations of struggle, including independent rank-and-file committees, must be established throughout the industry, to develop a genuine industrial and political counter-offensive, uniting all aviation employees and turning out to other sections of the working class facing similar corporate attacks.

The issue of an alternative political perspective is bluntly posed by the situation itself. The unending cuts to jobs and wages show that the defence of the most basic social rights is incompatible with the private ownership of the airlines. They must be placed under public ownership and democratic workers’ control. This means the fight for a workers’ government and for socialism.