

Australia: Qantas CEO resigns early amid public anger

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10 September 2023

Last week, Qantas Chief Executive Officer (CEO) Alan Joyce announced that he would step down immediately, bringing forward his resignation by two months. The move came after multiple scandals emerged, involving not just Australia's largest airline and "national flag carrier," which Joyce had led since 2008, but the federal Labor government.

On August 21, a class action lawsuit was filed against Qantas, alleging the airline engaged in a "pattern of unconscionable conduct" impeding customers from receiving refunds for flights cancelled due to COVID-19. It was believed at the time that Qantas held around \$400 million in flight credits, subject to strict conditions, additional fees and imminent expiry.

Despite obfuscation from Joyce, whose initial claim of \$370 million omitted credits held by Qantas internationally and by the airline's low-cost arm, Jetstar, it soon became clear that the figure was much higher. Qantas eventually admitted that the total was around \$570 million on August 28, when it was compelled by public outrage and the legal threat to scrap the credits' December 31 expiry date.

The same day, the Australian Competition and Consumer Commission (ACCC) revealed it would take action against Qantas in the Federal Court, alleging the airline had "engaged in false, misleading or deceptive conduct," by continuing to advertise and sell tickets on more than 8,000 flights that had already been cancelled.

On average, the ACCC claims, Qantas continued to sell tickets "for an average of more than two weeks, and in some cases for up to 47 days," after the airline had cancelled the flights. Furthermore, the airline allegedly took an average of 18 days to inform ticket holders that their flights had been cancelled.

The flights in question were scheduled to depart between May and July 2022, during which time Qantas cancelled around one in four scheduled flights, according to the ACCC. At the time, Joyce blamed customers, not staff shortages caused by the company's mass layoffs and mass infection of workers with COVID-19, declaring passengers were "not match-fit."

The ACCC claims that "Qantas made many of these cancellations for reasons that were within its control, such as network optimisation including in response to shifts in consumer demand, route withdrawals or retention of take-off

and landing slots at certain airports."

The maximum penalty for each breach is the larger of \$10 million; three times the total benefit obtained; or 10 percent of the company's annual turnover.

Joyce's forced departure is emblematic of the broader political and economic crisis confronting Prime Minister Anthony Albanese's federal Labor government and the entire political establishment.

A study by SECNewgate last month found that 46 percent of Australians survey disagree that businesses are "behaving ethically and doing the right thing," up from 39 percent in April. In parallel with the growing distrust of corporations, just 36 percent believe that federal Labor is doing a good or better job, down from 46 percent in April.

Labor has come under fire in recent weeks for its close ties to Qantas. This included the government blocking international competition with the airline, under conditions where flight availability is far below pre-COVID numbers while fares are much higher.

In July, the federal government denied an application from Qatar Airways for 28 more flight slots each week into Sydney, Melbourne, Brisbane and Perth. Qatar is a partner airline of Virgin Australia, meaning the additional flights stood to benefit the only serious competitor to Qantas in the domestic market.

Various conflicting explanations, ranging from "human rights," to carbon emissions, to protecting "secure well-paid jobs" have been offered up by Transport Minister Catherine King and other parliamentarians. All were couched in terms of Australia's "national interest."

But Assistant Treasurer Stephen Jones made clear that the "interest" Labor was motivated by was that of the Qantas bottom line. Vast profits for Qantas were, he declared, "a good news story."

Qantas reported a record windfall in the 2022–23 financial year, with annual net earnings of \$1.77 billion from underlying pre-tax profit of \$2.47 billion.

This has been achieved through a combination of inflated ticket prices and rampant cost-cutting, evidenced by the airline's increased profit margins compared with 2016-17, from 11.5 percent to 18.2 percent for domestic flights and 5.7 percent to 11.7 percent for international flights.

Data released in May showed that average international airfares from Australia were more than 50 percent higher than in 2019, before the pandemic, while domestic prices were up by around 10 percent.

Meanwhile, Qantas, with the complete cooperation of the aviation unions, used the COVID-19 pandemic as a pretext to impose a two-year wage freeze and has this year locked in three years' of sub-inflationary pay rises across most of its workforce, along with reduced working conditions.

This followed the standing down of tens of thousands of workers in the early stages of the pandemic, and the sacking and subsequent outsourcing of 1,700 ground handling workers in 2020.

While this was found to be "illegal" by the Federal Court, the workers have still not been reinstated or compensated and Qantas continues to appeal the decision. The Transport Workers Union (TWU), which covers the workers, has blocked any mobilisation of workers across aviation or more broadly to oppose the sacking, instead dragging the baggage handlers through years of court proceedings.

TWU National Secretary Michael Kaine has been a leading voice in the cheer squad of union bosses and corporate media commentators hailing the departure of Joyce as "welcome news for workers," and promoting the conception that a change in leadership is all that is required for Qantas to "bring back good, secure jobs and quality standards."

Kaine declared last week, "Alan Joyce is slipping into retirement two months early with a \$24 million pay packet, leaving one of the biggest messes in corporate Australia's history in his wake."

While there are now calls from Qantas shareholders and others for the company to withhold some of the bonuses "owed" to Joyce, any reduction decided will not make a significant dent in the estimated \$125 million he has accrued in his 15-year term.

But Joyce has been handed these vast sums by the Qantas board *because* of the job-destruction and cost-cutting he has carried out, not in spite of it. As *Nine's* Peter Hartcher wrote on Saturday, "Joyce did what's expected of any private company's CEO."

This included slashing the airline's workforce from 37,500 in 2010 to 25,000 today, engaged by 38 separate subsidiaries and labour-hire providers as a means of continually eroding pay and conditions and undermining workers' legal right to strike in defence of their coworkers.

It also included grounding the entire airline in 2011 to shut down limited industrial action, taking advantage of draconian anti-strike laws in Labor's union-backed Fair Work Act to help the unions impose an enterprise agreement slashing workers' pay and conditions.

Joyce's replacement, Vanessa Hudson, played a key role in the infamous operation, as one of three Qantas executives called as "witnesses" in the company's Fair Work Commission

case seeking to have the strike terminated.

The union-backed claim that the change of CEO represents a "fresh start" is utterly false. Hudson has worked at Qantas for almost three decades and is thoroughly steeped in the machinations of the airline's board and management, having held a variety of executive positions.

As chief financial officer (CFO) since October 2019, Hudson was in charge of the airline's books as it grabbed almost \$2.7 billion in JobKeeper and other government handouts in the early part of the pandemic, while standing down tens of thousands of workers. She presided over a three-year plan announced in June 2020 to cut \$1 billion a year in costs, including through the destruction of "at least 6,000" jobs.

In a token gesture aimed at promoting the conception that Joyce's departure will herald sweeping changes at Qantas, Hudson took an economy class flight from Melbourne to Sydney the day she took the helm.

Earlier that day, Hudson had made a video address to staff, hailing Joyce's "huge contribution over 22 years at Qantas." Speaking as if workers, not the management team that she has played a leading role in, were responsible for the airline's flagging reputation, Hudson said, "Together, we can get through the current challenges and show our customers why we deserve to be their trusted first choice."

But there is no reason for Qantas workers, customers or the Australian public to believe that Joyce's departure will reverse the airline's relentless pursuit of profits at the expense of workers, safety and service.

The plummeting standards and reputation of Qantas are a direct product of its privatisation by the Keating Labor government in 1993. This is an example of the fundamental incompatibility of the capitalist profit system with the needs of ordinary people for a modern transportation network, including aviation.

This means that what is posed is the need for a political struggle to establish workers' governments that would implement socialist policies, including placing the airlines, airports and other vital industries, along with the big banks, under public ownership and democratic workers' control.



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