Australia's Qantas airline to cut 6,000 jobs as virus hits

June 25 2020, by Nick Perry

Qantas Chief Executive Alan Joyce speaks during a press conference in Sydney, Thursday, June 25, 2020. Qantas, Australia's largest airline, says it plans to cut at least 6,000 jobs and keep 15,000 more workers on extended furloughs as it tries to survive the coronavirus pandemic. Joyce announced a plan to reduce costs by billions of dollars and raise fresh capital. The plan includes grounding 100 planes for a year or more and immediately retiring its six remaining Boeing 747 planes. (Bianca De Marchi/AAP Image via AP)

Qantas plans to cut at least 6,000 jobs and keep 15,000 more workers on extended furloughs as Australia's largest airline tries to survive the coronavirus pandemic.

Qantas announced a plan Thursday to reduce costs by billions of dollars and raise fresh capital. The plan includes grounding 100 planes for a year or more and immediately retiring its six remaining Boeing 747 planes.

Chief Executive Alan Joyce said the airline has to become smaller as it braces for several years of much lower revenues. He said the furloughed workers faced a long interruption to their airline careers.

"The actions that we're taking will have a huge impact on thousands of our people. This is something that weighs very heavily on all of us," Joyce told reporters. "This is something that we don't make a decision on very easily. But the collapse of billions of dollars in revenue leaves us with little choice if we are to save as many jobs as possible longer term."

Joyce said the airline entered the crisis in a better position than most airlines and remained optimistic about the future.

"This crisis has still hit us very, very hard and the impact will be felt for a long time," Joyce said.

In a plan filed with the Australian stock exchange, Qantas said it would reduce costs by 15 billion Australian dollars ($10 billion) over three years and raise new equity of A$1.9 billion to help accelerate the airline's recovery and position it for new opportunities.

Qantas employs about 29,000 people. Joyce said he expected only about 8,000 of them would be working by next month, and 15,000 by the end of the year. He said that as international routes opened back up over the

next two years, he hoped the workforce would increase again to 21,000.

He said the airline planned to be back to 40% of its pre-crisis domestic flying by July, but that international routes would take much longer to return.

Australian Prime Minister Scott Morrison said it wanted to help former Qantas employees suffering from the "terrible job losses" to find new work in other parts of the economy.

He said he remained optimistic about the Australian economy, especially after the International Monetary Fund pointed out it was navigating the financial crisis better than most other developed nations.

"And that's where the hope comes from," Morrison told reporters in Sydney. "Because the hope says that we're on our way back. And as hard as these days are, there are better days ahead."

Qantas shares were placed into a trading halt ahead of the announcement. The airline's shares are down just over 40% this year, but have recovered somewhat from March when they were down by as much as 70%.

Qantas said the job losses would include at least: 1,450 from mostly corporate roles; 1,500 in ground operations including baggage handling; 1050 cabin crew; 630 in engineering; and 220 pilots. Some contractors, particularly in information technology, would also be out of work.

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