

When the Skies Fell Silent

How the writing was already on the wall for Virgin Australia, the politics of Australian aviation, and what we will truly be losing as a result of COVID-19.

Prior to this once in a lifetime anomaly that is the pandemic, one could open any sky-tracker app and witness skies covered with planes in such volume, that they looked like fireflies to a light. Air travel was synonymous with business, glamour and adventure. Those 4am wake ups to secure the red-eye deals, the extortionately priced Hudson's coffees, and the ever-present smell of jet fuel were all quintessential components of our lives that invoked nostalgia and familiarity. These are the things that aren't mentioned in any macro analysis of the demise of the aviation industry. A wealth of literature is available, vis a vis the macro-level impact, market share, influence on the economy, and employment rates. All of these are vitally important and deserve attention, but what of the micro-level? What of the pilots who have dedicated themselves to the industry for decades, falling in love with what they do in the process? What of the flight attendants, who define themselves by what they do, and live to see their friends at work each morning? COVID has taken many things away and losing financial stability on a national scale will take its toll, but the real loss is in its impact on the people that love flying, and how their craft has been taken away.

The worldwide scale of COVID19's impact is well documented; all industries and sectors were affected on some level. Some businesses or industries have been able to adapt, even capitalise on these new market-conditions, but for the most part, businesses have suffered enormously. None more so than the aviation industry, where margins are distinctively tight, and profits are essentially only generated by flights, and predicated on the free flow of air travel and tourism (2020). Economies have been thrown into recession, and modern assumptions about the business of air travel and its role within our own lives have been drastically overturned.

The Australian aviation industry in particular is highly political, and tensions are ever-present between its two big players: Virgin Australia and Qantas. The nature of this capital-intensive industry is what has rendered it so vulnerable to a "black swan" event such as this. For context, a black swan event is unpredictable in nature and is defined by Investopedia as "beyond what is normally expected of a situation and has potentially severe consequences, characterised by their extreme rarity and impact" (Investopedia, 2020). The running costs for Virgin as well as Qantas are simply astronomical. With planes grounded and no money coming in, surviving a situation such as this without government support, and in a vulnerable position prior to COVID; is a herculean task for Virgin. As inter-state borders closed to non-essential travellers, Virgin CEO at the time of the crisis, Paul Scurrah stated that the company was "in all sorts of trouble from a financial perspective" (2020). 80% of staff were stood down, international flights were halted, and the domestic fleet was rendered a skeleton of what it was.

So why didn't the government bail out Virgin? And was it really a case of bailing out? The outcomes of this fiercely competitive industry are often determined by influence, connection and power. The Australian government's support package is modest when compared to that of other governments and has inconsistencies that raise questions on

their motivations(Coughlan, 2020). Regional Airline REX received an uneven level of assistance according to opposition transport spokesperson Catherine King. "The Morrison government took the decision to hand one airline an untied grant of almost \$54 million while denying the exact same assistance to others"(Baird, 2020), referring to Virgin. Neither Virgin nor Qantas received anything from the Commonwealth's \$198 million Regional Airline Network Support Program, meanwhile Rex was afforded \$24 million. Virgin were also excluded from the Regional Airlines Funding Assistance Program, which in total was worth \$100million; \$53.9million of which was given to Rex(Aston, 2020). This amount is not repayable and unrestrained by flying requirements, essentially making it free cash. Rex argues that they are not eligible for the \$165 million fund designated for Virgin and Qantas, which is barely enough to finance a largely bare-bones domestic flight schedule, yet Rex does not fly these routes. These affordances given to Rex suggests it is benefiting from the perks of being a sub-sector of domestic travel, and that this funding is imperative for regional travel to survive. However, by using the Bureau of Infrastructure's own definition of what constitutes as a regional route; Virgin Australia Regional Airlines accounted for 28.4 percent of regional seat capacity in 2019, compared to Rex with 7.4 percent. Available seat kilometres, another widely accepted airline metric, paints an even bleaker picture, with Rex making up for 2.4 percent of ASK, compared to Virgin's 31.6 percent(Aston, 2020). Clearly Virgin hold more market share than Rex in this sector, yet the funding is entirely disproportionate. It is important to note that these statistics are isolating a particular sub-sector of domestic travel in Australia. However, as it is the most pertinent example of the differences in treatment of Virgin and Rex, it's hugely significant. Overseeing these details is Transport Minister and federal leader of the nationals, Michael McCormack. Rex officials are of course satisfied with the government's policy on this matter, particularly Rex's deputy chairman John Sharp, a long-established former National Party leader(Aston, 2020).

As stated, Virgin was already vulnerable from a financial perspective. Years of aggressive business tactics designed to keep up with Qantas, resulted in a significant amount of accumulated debt. In a bitter price war driven by a personal rivalry between former Virgin CEO John Borghetti and Qantas CEO Alan Joyce, Virgin ultimately lost sight of the bottom line. Eventually, the deep pockets of Qantas won the war, and left Virgin in an extremely vulnerable position. Foreign shareholders were gripped by the same crisis and were unable to help out. Combine this with the absence of help from the government, Virgin never stood a chance. They will indeed survive as a company as a result of the voluntary administration, but the Virgin that comes out the other side of this crisis will not be recognisable as it once was(Pawluk, 2020).

Daryn Steains, former Check Captain of the Airbus A330, plied his trade at Virgin for 18 years. When Virgin was growing and vying to go toe to toe with the Qantas juggernaut, Daryn as well as many others, saw Virgin as an exciting project and took the opportunity to go when "it was rapidly expanding into the void left behind by Ansett". He got command within a year, became a training captain, and his hard work eventually led him to being a check captain of the A330, which Daryn states was the pinnacle of his own career, "and the pinnacle of the profession". Daryn was also there in 2001 when Ansett collapsed, and had his own career thrown into question. Twenty years on and the industry faces its next great test. Times have certainly changed and Daryn admits this adversity is far greater than previously experienced, particularly in a professional sense. Despite the uncertainty in 2001,

the Australian aviation industry was still “going beautifully”. Through this adversity, new opportunities arose, “in retrospect it was possibly the best thing that could happen to us, because it forced us to go to a better company and a bigger aircraft”. 20 years on, this same notion of optimism just isn’t present. The problems Ansett faced are now affecting the entire sector, leaving pilots disaffected and without a clear path forward, “There’re no opportunities, the airline industry has been annihilated by this virus, we’ve gone from one extreme to the other”.

The industry side of things was discussed at great length, and it’s certainly an important conversation to have. Various case studies and reports have been conducted, detailing the impact of the virus as well as the implications of the voluntary administration. However, very few delve into the human element, Daryn was more than happy to do so. Speaking candidly on his love of flying, his time in the military and everything in between. To be truly successful at something, you must love what you do, perhaps that’s why we often associate pilots with success and a glamorous lifestyle, because the majority are “quite passionate about it, people are happy to be there”. Daryn embodies this and has a nuanced appreciation for his craft “I love machinery, I describe an aircraft as one of the ultimate machines that mankind has created, getting something that weighs a couple hundred tonnes and flying it to Hong Kong”. Such an unpretentious outlook on the complicated, intricate process that is flying is a perfect measure of what COVID is truly taking away. An abrupt, as well as devastating phenomena such as the virus would typically render someone to have regrets regarding initial career choices. However, pilots are far from typical, nor are their motivations. The art of being a pilot is comprised of unique intricacies, traits and behaviours that just aren’t found in other mainstream professions and may never be recovered if the situation continues to deteriorate. The want of a challenge, the ever-constant study, the innovation, even the simplicity of “(enjoying) keeping an eye on the weather”. There’s something incredibly visceral about that, and it evokes a sense of human-nature that is truly profound. This is what we will miss most, passion, dedication and the art of flying.

“Even if I were 20 years younger and could retrain, study, do a degree or go into another field of endeavour, I can’t find anything that could match being a pilot, I don’t want to be an accountant, I don’t want to be a lawyer. Flying is a profession that I loved.”

- Daryn Steains – Virgin Australia A330 Check Captain.

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