

# Australia: new union agreement facilitates job cuts in steel industry

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Steel unions are convening membership meetings to push through a new three-year national Steel Industry Agreement (SIA) that will set conditions for workers employed by BHP, Australia's largest steel producer. Workers from the company's Port Kembla steel plant on the NSW South Coast will meet on Friday.

Under conditions of global economic crisis that have sent steel prices plummeting BHP is demanding an open-ended agreement that will allow it to scrap working conditions and cut wages in line with its requirements in an increasingly ruthless struggle for market share and profits.

The preamble to the agreement openly demands the introduction of payment systems that 'better reflect the capacity of the business to pay' and 'shift systems and hours of work which better meets the needs of the industry.' It says that the company and the unions will 'challenge tradition where it is at odds with the needs of the business'. This simply means that every condition that stands as an impediment to productivity will be attacked. For example, the agreement implies that the company will cut penalty rates and shift premiums further by placing more workers on annualised salaries.

Jobs will also come under renewed attack. The company has dropped the cosmetic 'job security' clauses that featured in all steel agreements since 1983. Workers deemed to be 'surplus to requirements' will no longer be kept on the books indefinitely. They will be offered the choice of only two alternative positions. If none are available then they will be pushed into a 'job search and outplacement' program.

A union spokesman admitted that throughout the protracted negotiations the company would not agree to 'any security of tenure in the face of the growing crisis in the steel industry worldwide'.

Even the positions of workers injured on the job will

be chopped. Under the new arrangements they will be forced to return to their previous occupation within two years or be sacked. Moreover, the agreement contains options whereby the company can terminate them earlier. At present most injured workers are retained, carrying out restricted or light duties.

Prior to the conclusion of negotiations on the SIA there were strong indications the company is seeking to carry out extensive downsizing. Production has already been scaled back at most BHP sites in the face of a sharp drop in steel orders for next year.

Management has announced that output from Port Kembla's three blast furnaces will be reduced by 30,000 tonnes per month following a cutback of 12 percent in the first six months of this year. The company's Whyalla plant in South Australia has only just reopened after a three-week shutdown.

The SIA states: 'The changes to our markets are not temporary; the tougher business environment is here to stay.' This was echoed by Port Kembla's chief executive officer George Edgar who admitted that over the next year only a handful of steel companies worldwide would be in the black. Remarking on recently produced figures that predict that steel consumption in Asia will fall by 23 million tonnes and by another 9 billion worldwide in the next period, Edgar warned, 'These are optimistic figures. It is likely to be a lot worse.'

To enforce sweeping changes and job cuts the agreement provides for the setting up of a 'steering committee' comprised of senior management and top union officials. It also contains a 'code of conduct' to discipline workers and to weed out anyone who advocates opposition to this union-management partnership.

This operation is already well under way. At a recent meeting in Port Kembla, Australian Workers Union

delegates were verbally abused by the union's national secretary Graham Roberts. Roberts became enraged when a number of delegates criticised the agreement and asked questions about the situation facing injured workers. Several stewards walked out of the meeting in disgust.

The central concern of the union bureaucracy throughout the protracted negotiations has not been the defence of steelworkers' conditions but convincing the company to continue to use the union to enforce its agenda.

This week AWU organiser Andrew Whiley claimed that the agreement was 'not an erosion of employment conditions' and welcomed the company's 'commitment to approaching change in the industry on a co-operative basis with the union'.

For years the unions claimed that if steelworkers embraced change and sacrificed to boost productivity to make BHP 'internationally competitive' they would, in the long run, secure a future. However, both the new agreement and recent statements by BHP management demonstrate that the elimination of jobs and conditions is a never-ending process.

This week BHP appointed a new chief executive, Paul Anderson, with a specific mandate to restructure the company's operations and shed assets in order to boost shareholders' dividends. Speaking to the *Australian Financial Review*, Anderson said there 'would be no sacred cows' when it came to reviewing the company's operations. Last year BHP sold off \$2 billion of its non-core assets and is set to offload \$4 billion more, creating the conditions for a further shedding of its global workforce. Industry analysts are tipping that Anderson will step up the asset culling.

BHP Steel is high on the priority list for further drastic restructuring. It is significant that less than a day after signing his \$4 million a year work contract, Anderson went to Port Kembla for an extensive tour of the steel plant.

While Roberts, the AWU's top official, was abusing workers, he displayed a different attitude toward Anderson. Roberts said he welcomed the appointment and hoped that Anderson would 'work positively with the unions in a manner that is going to bring about mutual benefits for the shareholders and for the people we represent'.

To defend jobs and conditions steelworkers will have

to recognise that they have no interests in common with BHP, or the union leaders who are so anxious to serve it. A starting point will be the rejection of this agreement.



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