

Australian unions preside over "orderly closure" of Newcastle steel plant

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Many Australian workers are now familiar with "orderly closures". It is a term used by union leaders and corporate managers to describe what they regard as a job well done—the closure of a plant without the anger of sacked workers boiling over into protests and demonstrations.

Last week the most orderly closure of all was completed in the industrial city of Newcastle, north of Sydney. BHP, once Australia's largest corporation, finally wrapped up its operations at the local steel-making plant and retrenched the remaining 1,500 workers.

The shutdown, first announced two years ago, bought to an end 85 years of steel-making in the city, destroyed over 2,800 jobs directly and 8,000 more in related industries. Yet, thanks to an extensive public relations campaign conducted jointly by the company and the trade unions, the event did not provoke public outrage but rather, seemed almost a cause for celebration.

For months the company has been running paid advertisements on radio and television heralding the closure as not the "end of an era" but a "new beginning for the Hunter Region". The company ads featured interviews with workers who had been "retrained" and were supposedly on the verge of a new and better future.

If one were to believe the propaganda, furnace men would become beekeepers, and boilermakers now have bright prospects as masseurs. Others are going to set up small businesses, taking on everything from designing Internet sites for rock bands to offering advice on stock-market investment.

According to the hype, the company was not really dumping thousands of workers on the unemployment scrap heap at all. Rather BHP was bequeathing a real benefit for the whole region—a highly skilled, retrained and disciplined workforce that would be picked up at a moment's notice and utilised by other employers and investors drawn to the Hunter Valley.

The finale was a carnival-like "open day" at the Newcastle plant last Thursday to mark its official closure. The company put on barbecues and provided promotional show bags containing BHP material. Many workers wore the official company tee shirt celebrating the shutdown with the slogan "The blast has passed". Just before mid-day about 1,500 workers gathered behind their respective department banners and symbolically marched out of the main gate to the strains of the BHP choir.

The orderly closure at Newcastle has allowed BHP to launch the next phase in the restructuring of its steel division. Within days of the final "celebrations," the company announced that it would sell off the remaining rod, bare and wire mills in Newcastle, its Rooty Hill steel mill in Sydney, a mini-mill in Brisbane, and its plant at Whyalla in South Australia. BHP will retain ownership only of its integrated steel plant in Wollongong. A total of 3,500 jobs are threatened by the

decision.

Last Thursday's scene was a far cry from the response in 1997 when BHP first announced that it intended to end steel production in Newcastle. The announcement touched off widespread anger and deep concern among working people in the Hunter Valley and nationally. The decision epitomised what many had either gone through or were facing—factory closures, mass lay-offs and downsizing.

The company did not axe the Newcastle plant because of a downturn in sales or a loss of profits. The previous year the company had produced a record 8.6 million tonnes of steel in Australia and New Zealand. In 1996, the steel division raked in \$155 million and made a record profit of \$643 million the previous year.

In the name of defending jobs, the trade unions had ensured that workers met all of the corporation's productivity demands. Output had quadrupled at Newcastle and nationally since 1983—from 180 tonnes per worker a year to over 650 tonnes. In that period, BHP's Newcastle workforce had been slashed from 13,500 to 3,500.

Yet even this staggering increase in productivity was not enough to meet the ever-shifting benchmark of "international competitiveness". Mini-mills were turning out 4,000 to 5,000 tonnes per worker.

BHP declared that the rate of return on capital from its steel operations—5 to 6 percent—was no longer sufficient to satisfy the financial markets. The company's major shareholders were demanding a 15 percent return across all of its divisions. After the company announced the Newcastle closure, its share prices leapt \$1.5 billion in value in a single day, providing a \$15 million bonanza to its top executives.

Undoubtedly the old forms of steel production were outmoded and new technology was needed. But whose interests was the restructuring to serve? Planned rationally on the basis of social need, the reorganisation of the steel industry could benefit working people, shorten working hours and create cleaner, better-paid jobs. What has driven the closures at Newcastle and elsewhere, however, is the demand of big business for greater profits.

BHP and other corporations were anxious that the closure of the Newcastle plant could become a focal point for the growing discontent in the working class and result in a broader movement against job losses and unemployment. At this point, the Labor Party and trade union leadership stepped in to defuse the situation.

The Australian Council of Trade Unions, the country's peak union body, made the problem in Newcastle a major priority. On one occasion, the entire ACTU executive travelled to the city to attend a stopwork meeting. ACTU president Jennie George reassured those present that the unions "will never, ever, desert BHP workers".

Labor Party leaders also made the pilgrimage to deliver rousing

speeches. Federal parliamentary opposition leader Kim Beazley declared at one rally that the BHP directors should be “shirt-fronted and told to reverse their decision”.

The promises and militant bombast were just hot air, designed to placate workers. Meanwhile the steel unions entered into closed-door meetings with the company to devise a strategy to manage the shutdown with a minimum of fuss. A management-union consultation committee was quickly set up.

The committee announced an increased redundancy offer and launched a multi-million dollar “Pathways” retraining program. To avoid a mass exodus and ensure that production was maintained up to the very last minute, the unions struck a deal with the company to offer pay incentives to those who stayed.

The company announced “job creating” projects to deflect fears that displaced BHP workers would never find another job in a region that was already staggering under an 11.3 percent unemployment rate. Earlier it had pledged to set up an industrial estate, Steel River, on some of its vacated land in order to generate over 2,000 new jobs. Then a \$200 million deep port facility was to be built on the old steelworks site, promising further employment.

Last week, however, BHP was forced to admit that it “was disappointed with the response to Steel River” and blamed the Asian economic meltdown for “the lack of interest”. At the same time, the company announced that P&O, the major investor in the port scheme, had withdrawn its support for the project.

In all, the shut down operation, including the site clean-up, increased redundancy payments and retraining, cost BHP over \$700 million. As far as the union bureaucracy was concerned it was money well spent. Last week the unions declared that they considered the BHP exercise so successful that they would recommend it as a blueprint for managing factory closures elsewhere.

Beneath all the fanfare of last week’s closure celebrations, there was deeply felt concern and discontent among workers. Few of those who spoke to a *World Socialist Web Site* reporting team were under any illusions that they would quickly find jobs.

Allan Dawson, a metallurgist with 30 years service, said he was worried about the future. “With the retraining program and all, I suppose you could say it is the best possible shutdown situation, but as far as I am concerned BHP should not have ended steel making in the first place. It should have been made to invest in new and update technology that would have benefited everyone.

“Unless a major industry comes here, the closure will be a massive blow to this area. There has been a lot of talk about new jobs and new careers. You are not just going to get this number of people absorbed. The truth is that the future of many workers here has been taken away from them.”

Victor Bazalej, a fitter with 42 years service, voiced his concerns for the younger workers. “Today is like a wake. Lots of drinking and celebration but underneath many are really upset. Many men, particularly the younger ones who need to continue to work, will soon realise they have got nowhere to go. They will not be entitled to social security payments until their redundancy money is used up. Under these conditions what they received will not last too long.”

Barry Gardiner, who worked at the plant for 12 years, was critical of the closure campaign. “BHP has spent two years and a lot of money making themselves look really good. Some guys here are happy to go because it has been a horrible place to work at over the past two years with demands for more and more output. But there are still plenty of men who realise they have been hard-done-by and are very bitter.

“In the past many workers here were encouraged to invest in company shares, but no matter what they got, the people at the top got more, and at the direct expense of the blue collar workers. The truth is the shares were just a means to make you work harder. I did not agree when the unions introduced multi-skilling and encouraged everyone to do more with fewer men. They said it would give us a future but it seemed to me that you were doing another man out of a job. We increased productivity, this is the outcome.”

Another long-time employee, Daniel Boyd, also pointed to the role of the unions in undermining full-time jobs. “Over the years the unions have helped to create a change in working conditions and practices. The nature of work has changed. It has gone from full-time permanent occupations to part-time casual positions. Most jobs are with labour hire companies and you are expected to be available any time the company calls. The change over to multi-skilling now means that a man is expected to do everything from general cleaning, to setting up and maintaining a machine.”

The pattern of joint union-management collaboration in the restructuring of the steel industry was set by the Steel Plan drawn up by the Labor government headed by then prime minister Bob Hawke. Workers were promised that if they accepted the job cuts, speed-up and destruction of working conditions, BHP would maintain its steel-making operations.

Keith Tinson, a blast furnace worker, spoke bitterly about the broken promises. “I have worked here for 30-odd years. Before that I had about 10 jobs. This is the first time I have ever been sacked from one. I feel the company has taken the best out of me and now they are getting rid of me. A fair few of my mates feel the same. Despite what is being said there is nothing major coming to this region. The mines are downsizing and the power industry. Now steel making has gone. I will never find another job.

“This began with the Labor government in the 1980s. Labor said that if we restructured there would always be a steel industry nationally. There has been a lot of restructuring. They got greater production. When I started they had four furnaces, then just two, and we were producing twice as much with fewer men.”



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