

# Australia: Rio Tinto hints at a new round of government-backed strike breaking

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Mining giant Rio Tinto's iron ore chief executive, Sam Walsh, last week raised the spectre of federal government-backed strikebreaking against train drivers campaigning for a union collective work agreement in the resource-rich Pilbara region of Western Australia (WA).

In the first strike at the company's iron ore operations in 16 years, the drivers walked off the job for 24 hours on October 11 in support of a pay rise of 4.9 percent. They are also seeking extra payments for drivers displaced by the proposed automation of some trains. The drivers voted for an ongoing campaign of rolling strikes of 4, 12 and 24 hours duration.

The drivers, members of the Construction Forestry Mining and Energy Union (CFMEU), were previously covered by non-union individual work contracts, which expired this year. The Rudd government has abolished the previous Coalition government's workplace agreements but has provided companies with a range of options for imposing individual and collective contracts. Rio Tinto management is pressuring the workers to accept a collective deal on the company's terms and refused in August to negotiate with the CFMEU.

While the strike involves only 39 train drivers out of 315 employed by the company, the CFMEU estimates that industrial action could halt up to 16 trains a day, each carrying 30,000 tonnes of iron ore to the ports of Dampier and Cape Lambert. Losses amount to \$2 million for each train delayed.

On the eve of the stoppage, Walsh pointedly compared the drivers' campaign to the pilots' strike that erupted in 1989 under the Hawke Labor government, in opposition to its systematic suppression of wages in line with corporate demands.

"It reminds me of the pilots' strike," Walsh told the

media. "These are a group of privileged people trying to brand themselves as underprivileged, and it's quite frankly not the case." Walsh branded the strike as "a power play by the unions," adding that it was "contrary to the desire of the federal [Labor] government for a stable situation in the export industry".

Walsh claimed that the company had not yet approached the Rudd government to directly intervene. But he warned that the federal and state governments were "taking a careful watching brief on the matter... We're seeking recognition that this will disrupt our operations, and impact on Australian exports..."

WA Minister for Mines Norman Moore joined the company in attacking the train drivers declaring: "What this demonstrates is that the Pilbara may well be heading back to the very, very bad old days of the '60s and '70s where the unions simply ran amok and had strike after strike."

Walsh's reference to the 1989 pilots' strike was particularly ominous. The six-month dispute was smashed by the Hawke government, which deployed the Royal Australian Air Force as strikebreakers. The defeat set a new point of reference for the suppression of wages across all sections of the working class.

Just as the train drivers are being described as "privileged" so the onslaught on the pilots was accompanied by a vicious campaign labelling them as "fat cats" who did not deserve the support or sympathy of other workers. The Hawke government and the Australian Council of Trade Unions (ACTU) were in the forefront.

In August, Rio Tinto reported a doubling of its half yearly profit from last year to \$US6.9 billion. According to *Forbes.com*, Walsh receives an annual compensation package of at least \$2 billion in salary, bonuses and stock options, not counting "long-term

incentive plan payments" of \$2.6 million. By contrast, according to the CFMEU, the top rate for train drivers is \$160,000 a year, as well as shift allowances and compensation for working in the remote Pilbara region.

### **Legal action**

Rio Tinto threatened legal action last week if other drivers joined the 39 strikers. Under the Rudd government's revamped industrial laws, all strike activity outside of the narrow bargaining period for new work agreements is illegal, including solidarity strikes. In line with the highly restrictive legislation, the 39 train drivers voted by secret ballot for stoppages, which the Industrial Relations Commission then accepted as "protected" industrial action.

Walsh's comments, however, make clear that the company is already considering enlisting government support in blocking any further strikes. Such a step would set a precedent to be used against other sections of workers, particularly in the Pilbara where individual work contracts have been widely exploited and many are due to expire.

Rio Tinto's actions are just an early indication of what is being prepared amid the current global financial crisis and looming economic recession. In Australia, the economy has been heavily dependent on the mining boom and exports to Asia, particularly China's rapidly growing economy. Now commodity prices are collapsing and demand is falling.

Rio Tinto announced yesterday that it is revising its expansion plans as sales of iron ore to China slow. Chinese steel mills have already cut production and are expected to press for a revision of iron ore prices, which are predicted to drop by 20 percent. Rio Tinto said it would not be able to meet its target of selling \$10 billion of non-core business due to "challenging financial markets". The corporation's shares closed 20 percent lower on the London stock exchange yesterday.

Desperate to shore up its financial position, Rio Tinto will stop at nothing to suppress strikes and block pay rises. The Rudd government's industrial legislation provides plenty of avenues to stymie any industrial action. If that fails, the corporation can no doubt count on the Labor government to step in. Labor's legislation has retained previous provisions allowing for the industrial relations minister to order an end to strikes deemed against the national interest or affecting the national economy.

While some mining workers are turning to the unions to defend wages and jobs, it is important to draw some lessons from the 13-year period of the Hawke-Keating government. Under a series of ACTU-Labor Accords, the unions collaborated with the government and corporations in an unending assault on wages and jobs and the dismantling of long standing working conditions.

These betrayals ultimately led to mining workers leaving the unions in droves, resulting in the collapse of former union bastions across the Pilbara region by 1992. The current union campaign has nothing to do with defending the wages and conditions of train drivers or any other section of workers. Rather it is a desperate attempt to claw back the CFMEU's position as an industrial policeman.

More broadly the Pilbara strike is a small warning of what is to come. As stocks plunge and the economy heads into recession, employers will seek to recoup their losses and bolster their businesses through a wave of layoffs and savage inroads into pay and conditions.



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