

# Australian steel unions finalise sell-out deal with BlueScope on jobs

Mike Head  
28 September 2011

After weeks of closed door consultations, behind the backs of workers, the steel industry unions have reached “in-principle” agreements with BlueScope Steel to impose nearly 1,500 job cuts at the company’s plants at Port Kembla, in Wollongong, and Hastings, near Melbourne.

Even as the unions announced the imminent finalisation of their sell-out deal with BlueScope, the devastating wider impact of the company’s assault was underlined by job losses at steelworks-dependent workplaces in the Wollongong region. Australian Steel Mill Services said it would cut 69 workers from its Port Kembla operations, and other companies like Transfield Services and Mainteck were expected to follow suit. In all, thousands of jobs will disappear, destroying livelihoods and any hope for young workers.

The union agreements flow from the discussions that have been underway, since well before BlueScope announced its job destruction on August 22. From the outset, the only concern of the national and local union bureaucrats has been to help the company, which is backed by the Gillard Labor government, to carry through the onslaught on jobs and conditions by stifling all resistance by workers.

Australian Workers Union (AWU) Port Kembla branch secretary Andy Gillespie told the *Illawarra Mercury* last week that an agreement had been reached in the New South Wales Industrial Relations Commission (IRC) on the number of jobs to be eliminated in different departments of the steelworks. “Using Justice [Michael] Walton as the mediator, we’ve now been able to negotiate a satisfactory outcome for some of those departments,” he said.

The unions have even agreed with the company on the precise methods it will use to select which workers to retrench, apparently based on a mixture of seniority and “merit”. Gillespie said: “The selection criteria has also

been a very vexed issue but we’re now close to reaching an agreement in principle on that as well, so we’ve done some of the hard yards in the last few days.”

Gillespie added that there was a “great possibility” that enough steelworkers would express an interest in so-called voluntary redundancy to cover all of BlueScope’s requirements, avoiding the need for forced redundancies. In other words, the unions are working hand-in-glove with the company to destroy the jobs, hoping to prevent any opposition by workers, which would be triggered by outright sackings.

In order to bribe sufficient workers into accepting “voluntary” redundancies, the unions have asked the company to make one-off cash payments as part of its redundancy package. Gillespie said he was hopeful that such a gratuity would be made public before a further mass meeting of union members to vote on the deal. The unions have been pleading with BlueScope to enhance its redundancy offer to match that made by its former parent company, BHP-Billiton, in order to shut down the steelworks in Newcastle, north of Sydney, without a fight in 1999.

The unions have held out the prospect that they could reduce the number of job losses by securing a commitment from BlueScope, via the IRC, to justify each job cut involved in the closure of the Port Kembla No. 6 Blast Furnace, No. 4 Battery, No. 1 Slab Caster Line and No. 3 BOS Vessel. The AWU trumpeted this agreement on its web site under the headline: “AWU fighting for workers’ jobs.” To perpetuate this fraud, Gillespie said yesterday he was confident that “about 80” jobs would be “saved” from the 800 permanent positions originally announced to go.

This deal only highlights the unions’ complicity in BlueScope’s vast job destruction. Moreover, with this assistance by the unions, the company has made clear that other departments will be “restructured” as well,

inevitably leading to cuts in hours worked, overtime, penalty rates and other allowances that steelworkers depend upon financially. To prevent this second prong of the company's attack sparking mass opposition, the unions have proposed postponing IRC mediation on those changes until after the closures have been inflicted.

At a national level, the unions have stepped up their collaboration with the employers and the Gillard government, which has praised the BlueScope closures as an example of the type of "transition" needed in the Australian economy. This "transition" consists of slashing jobs and conditions to make companies "competitive" amid the deepening global economic crisis, while enabling the currently booming mining companies to exploit the sackings to recruit selected skilled workers at reduced wages. Some 100,000 manufacturing jobs are expected to be eliminated by the end of the year, with other major cuts already announced by Qantas, OneSteel and Westpac.

On September 20, the national leaders of the AWU, Australian Manufacturing Workers Union (AMWU) and other industrial unions participated in a tripartite "manufacturing roundtable" in Canberra with Gillard, Treasurer Wayne Swan, other senior ministers and an array of employer representatives. It was a corporatist gathering, discussing means of restructuring the sector at the expense of working class conditions.

According to a media statement issued by Gillard, the "group explored ways to build the capabilities" of the manufacturing sector, with an emphasis on "boosting productivity," establishing a "flexible, highly skilled" workforce and developing "a vision for the future of manufacturing in Australia." The prime minister said the contributions at the meeting would "feed in to" an October 6 Future Jobs Forum that would "focus on moving manufacturing and other sectors up the value chain in the context of increasing global competition."

Words such as "flexible", "productivity" and "competition" are code for dismantling what remains of workers' conditions, driving up production rates and slashing labour and other costs in order to assist Australian-based corporations undercut their global rivals.

During the 1980s and 1990s, the unions worked closely with the previous Labor government, that of Hawke and Keating, to implement a steel industry plan that demolished more than 20,000 jobs—or two-thirds of the workforce—in Wollongong, Newcastle and Whyalla, and drove up productivity from 190 tonnes of steel produced per employee per year, to almost 1,750 tonnes. That level

of exploitation is no longer sufficient, however, to compete with the giant steel plants that now dominate world production.

AWU national secretary Paul Howes used the Canberra gathering to renew the efforts of the unions to divert the anger of workers in a reactionary nationalist direction, criticising the government for using "cheap Chinese aluminium" in the construction of a new building in the national capital. Such anti-Chinese demagoguery serves to scapegoat Chinese workers and distract workers from the need for a common international struggle against the capitalist profit system itself.

Last week, BlueScope chairman Graham Kraehe emphasised the connection between the job cuts and the company's profit prospects by defending the payment of \$3 million in bonuses to senior executives. In his message to shareholders on the company's annual report, Kraehe said the rewards were for "strong leadership" in producing cost reductions that included "driving the initiatives to restructure the Australian business."

These developments underscore the necessity, as outlined by the Socialist Equality Party in its August 24 statement, for steelworkers to launch an independent struggle, in direct opposition to the line-up of the unions with the company and the government.

The first step is to reject the sell-out deal brokered by the unions and to establish rank-and-file committees to organise the occupations of the Port Kembla blast furnace and the Hastings hot-strip mill to defend all jobs. Such a struggle would inevitably involve a confrontation not only with the company but also the unions, the Gillard government and its draconian Fair Work Australia laws. The only basis for waging such a political fight is a turn to other sections of workers in Australia and internationally facing similar attacks on the basis of a socialist and internationalist perspective.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**