

Australian steel company axes another 575 jobs

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The destruction of jobs in the Australian steel industry deepened last month when OneSteel announced plans to cut 575 jobs from its steel and distribution arms. The job losses are on top of 1,000 eliminated last year at OneSteel and 1,400 at BlueScope Steel, another former spinoff company from mining giant BHP-Billiton.

The job cuts underscore the real character of the Gillard government's "new economy," which consists of restructuring the economy in the interests of the mining and financial elite, fuelled by the high value of the Australian dollar. Steel is not the only basic industry affected. Similar cuts are continuing in the manufacturing, finance, construction and retail sectors, intensified by recessionary conditions throughout much of the economy.

Job losses announced or threatened in the past fortnight include 600 at the Insurance Australia Group, 600 at WOW electronics outlets, 450 at Sleep City stores nationally, 65 at Retail Adventures, 170 at Unibic in Melbourne, 38 at the Mars Chocolate plant in Ballarat and up to 1,500 at Reed Constructions in Sydney. Mining industry workers have not been exempt—600 face possible retrenchment at Rio Tinto's Bell Bay aluminium smelter in northern Tasmania, and 130 at Kagara mining's north Queensland operations.

OneSteel announced its plans to eliminate 575 jobs after delivering a \$74 million loss in its half-yearly reports. Between December 2010 and 2011, the company suffered a 163 percent drop in profits. The retrenchments come on top of 470 job losses last December and 770 by the end of last October.

The company said the bulk of the cuts would come from a blast furnace at Whyalla, South Australia and

two arc-welding plants at Rooty Hill in Sydney and Laverton in Melbourne. The Sydney arc-welder produced 170,000 tonnes of steel in the past year, 45 percent less than at its peak in 2008. Both Laverton and Whyalla are also operating well below their capacities.

Analysts at Deutsche Bank commented that such low levels of utilisation implied the possibility of an arc-welding plant closure. OneSteel has not yet made any such announcement, but has previously shut down the Sydney plant for 47 days, conducted smaller shutdowns at the Laverton plant and reduced overall shifts.

The South Australian state Labor government's industry minister, Tom Koutsantonis, warned OneSteel that state subsidies it received could be scaled back or cut if there were major job losses at Whyalla. The warnings were not intended to stop the company from cutting jobs but rather to encourage OneSteel to focus on job cuts in other states.

Investors reacted positively to the job cuts, with the company's share value rising 12 percent on February 21, and another 21 percent on February 23. *Sydney Morning Herald* commentator Elizabeth Knight said the "big excitement" was the simultaneous announcement of further expansion of the company's mining operations. Overall, the financial markets are strongly backing the abandonment of manufacturing in favour of profitable mining ventures.

OneSteel purchased global mining consumables company Moly-Cop Group in December 2010 and plans to become a "significant iron ore player," according to OneSteel CEO Geoff Plummer. He announced that the reorientation toward mining would soon be reflected in a change of the company's name.

In 2007, at its most recent peak, the company employed 4,687 workers in its manufacturing sections and 4,384 in its distribution sections. By December 2011, there were 1,410 jobs fewer in manufacturing and 1,245 less in distribution. Steel manufacturing has been cut back from 92 percent of the company's assets in 2007 to 47 percent in 2012, while mining and mining consumables have risen from 8 percent to 44 percent.

Mining may have created new employment possibilities, particularly for workers at Whyalla, but mining employs only about 2 percent of the Australian workforce. Inevitably, many more OneSteel workers will be unable to find jobs. Manufacturing across Australia is in a state of crisis and other critical areas such as construction and retail are also being devastated.

Given the manner in which the trade unions have enforced the destruction of jobs in the steel industry over the past six months, OneSteel is no doubt confident of their continuing cooperation.

Responding to the OneSteel announcement, Australian Workers Union (AWU) national secretary Paul Howes declared: "Our highest priority at this point in time is securing those steelworkers' jobs." The union's only action, however, has been to whip up protectionism, seeking to blame Chinese imports, and by implication, Chinese workers, for the loss of steel jobs. In effect, the union is pitting Australian workers against their Chinese co-workers.

Far from launching any fight against the latest job destruction, Howes immediately indicated that the union, which covers most steelworkers, would work hand in glove with the company, as it has done for decades. "The AWU will continue to monitor the situation closely and consult with OneSteel to ensure our members are informed about any developments concerning their jobs," he said.

Last August, when BlueScope Steel eliminated more than 1,400 jobs at Port Kembla, near Wollongong, and Westernport, near Melbourne, the unions and the Labor government blocked all rank and file resistance. While Prime Minister Julia Gillard said the cuts were

necessary for the "transition" that the Australian economy had to make, the AWU held weeks of backroom talks with the company to increase redundancy packages so that workers would be pressured into taking "voluntary" retrenchments.



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