Australian corporate profits soar at workers' expense

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Amid a mounting onslaught on wages, conditions and jobs spearheaded by the closure of all the country's car plants by Ford, General Motors and Toyota, major Australian companies have announced huge profit increases and dividend payouts.

BHP Billiton, an Anglo-Australian mining conglomerate, posted an 83 percent jump in 2013–14 first-half net profit to $US8.1 billion, largely due to cost savings obtained via mine closures and the mothballing of projects. Even when one-off factors were excluded, the underlying profit rose 31 percent to $7.8 billion, despite falling demand and prices for key mining commodities, most notably in China.

The company's chief executive Andrew Mackenzie emphasised ongoing cost-cutting, pledging to give investors "an average rate of return of greater than 20 percent." He vowed to strip out more costs, particularly in the face of falling Chinese steel output. "We're just getting started, and I think there's a lot more to come," he said.

Over the past year and a half, BHP Billiton has already destroyed the jobs of thousands of mining workers, devastating entire communities, including in the large coalfields of central Queensland in northern Australia. Most recently, the company and its partner, Mitsubishi Corp, announced the elimination of 230 jobs from the Saraji coal mine in central Queensland.

The BHP Billiton boss singled out the Olympic Dam copper and uranium mine, which employs several thousand people in South Australia, for deeper cost-cutting after it recorded a $22 million loss over the half-year. "[T]he intention is to continue to work that operation hard," he said. "In my view it needs to get its cost base closer if not equivalent to what we're able to achieve at Escondida [a giant copper mine in Chile] to be strongly competitive within the portfolio."

If he delivers on his cost-cutting targets, Mackenzie will pocket up to $12.58 million in salary and bonuses this year—about 200 times the average Australian worker.

BHP Billiton is locked in a battle with its rivals, including another Anglo-Australian conglomerate, Rio Tinto, to attract capital by hiking dividends for the financial institutions that dominate their share registers. Fairfax Media reported: "BHP and its rivals have been deferring projects, cost-cutting and selling assets for 18 months to satisfy shareholder demands for a bigger share of spoils from the mining boom."

Rio Tinto pleased the financial markets last week with a 15 percent dividend rise, on the back of a profit of $3.67 billion. Underlying profit rose 10 percent to $10.2 billion, supported by production records. Rio Tinto had reported a net loss of $3.03 billion the year before, weighed down by write-downs of the mines and projects that it terminated around the world.

Over the past year, Rio Tinto has eliminated thousands of jobs, including about 1,100 jobs by closing its Gove alumina refinery in the Northern Territory, leaving about a quarter of the population of the nearby town of Nhulunbuy out of work. The company cut hundreds of jobs at its Western Australia iron ore operations and Argyle diamond mine, mothballed its Blair Athol coal mine in Queensland and axed positions throughout its Hunter Valley coal projects in New South Wales, as well as almost 2,000 jobs at its Oyu Tolgoi mine in Mongolia.

Australia's third largest iron ore miner, Fortescue Metals, almost quadrupled its half-year profits to $1.71 billion as it lifted output while cutting production costs by a reported 34 percent. Its job cuts over the past 18 months included those of about 1,200 mineworkers and contractors at its Kings and Christmas Creek iron ore projects in Western Australia's northern Pilbara region.

Australia's big four banks are headed for an unprecedented profit reporting season. The Commonwealth Bank of Australia (CBA) this week delivered a record half-year profit of $A4.27 billion, up 14 percent, and rewarded shareholders with a higher dividend. Its return on equity rose by 80 basis points over the year to 18.7 percent, while its share values also rose by 17 percent. ANZ bank's cash profits rose to $A1.73 billion in the three months to December, 13 percent higher than last year.

Bank workers paid for these dividends through the destruction of an estimated 10,000 jobs over the past two years. ANZ alone eliminated or outsourced overseas about 1,600 jobs during the past 18 months. In return for achieving such results, CBA chief Ian Narev was paid around $7.8 million. That is $150,000 per week—twice the *annual* average income in Australia.

Even where companies recorded less spectacular profit surges or profit falls, they lifted dividends to satisfy the global finance houses. Wesfarmers, one of the country's two biggest supermarket and retail conglomerates, increased its interim dividend by 10.4 percent, greater than its adjusted net profit rise of 6.3 percent to $1.43 billion. Woodside Petroleum hiked its dividend by 92 percent, even though its full-year net profit dropped 41 percent to $US1.75 billion. Suncorp, a major finance and insurance group, handed investors a 40 percent dividend rise, despite a 4.5 percent half-year profit drop to $548 million.

While wealthy shareholders and corporate executives reaped a bonanza, real wages fell in Australia last year for the first time since the 2008 financial crash. Data released by the Australian Bureau of Statistics yesterday showed that wages rose by an average of 2.6 percent in the December quarter from a year earlier. It was the smallest gain on record, since the data series began in 1997, and beneath the 2.7 percent headline inflation figure.

Financial analysts responded by demanding even greater "labour market deregulation"—a euphemism for gutting wages and conditions. JPMorgan economist Stephen Walters said the recent job losses—from the car makers to Telstra's Sensis unit—should act as a wake-up call. "The more job losses there are, maybe the light bulb will go off in the general populace that the industrial relations landscape is overlyregulated," he told the *Australian Financial Review* .

In the initial years of the global economic crisis that erupted in 2008, Australian capitalism was sheltered to some extent by China's continued growth and demand for mineral resources. China's inevitable slowdown under the impact of the deepening world slump has brought that period to an end.

That slowdown, combined with the ruthless restructuring being carried out by the auto companies and other transnational corporations has now brought home with a vengeance what has become a worldwide assault on the social position of the working class. With increasing intensity, corporate chiefs are being rewarded for slashing jobs, destroying the livelihoods of many thousands of working class people.