

Australian mining services workers reject 25 percent pay cut

Declan O'Malley, Mike Head
22 November 2014

Workers at Hastings Deering, a major mining services company in the state of Queensland, have voted down a workplace agreement that would have slashed their wages by up to 25 percent. Nevertheless, their trade union is now seeking talks with the management to find alternative means to deliver the cost cutting it demands.

Hastings Deering, which has already eliminated 600 jobs over the past 18 months, threatened to destroy more jobs unless workers accepted its proposed cuts to mine site and other allowances. Its ultimatum points to an intensification of the assault underway against jobs and conditions in mining and related industries across Australia amid the deepening slump in global coal and iron ore markets.

The company put its demands to an electronic ballot that closed earlier this week, insisting that its measures were essential to remain “competitive” during the downturn. The Australian Manufacturing Workers Union (AMWU) said most workers voted against the two separate agreements put forward but the company had released no breakdown of the results.

Hastings Deering’s drive to impose drastic wage cuts is being watched very closely by other companies throughout the mining industry as a precedent for major reductions in pay and conditions. Michael Roche from the Queensland Resources Council stated: “I think we will see more examples of that over the next six to 12 months.”

Hastings Deering is Australia’s largest supplier and maintainer of Caterpillar heavy machinery, mainly in the central and northern mining areas of Queensland and the Northern Territory, with branches in New Caledonia, Solomon Islands and Papua New Guinea. The company is part of a global conglomerate, the Malaysian-based Sime Darby Berhad, which operates

more than 200 companies in 21 countries.

Within Australia, Hastings Deering services the forestry, mining, construction and government sectors, employing about 4,000 workers. Of these, some 2,500 in Queensland, mostly in the state’s central Bowen Basin coal mining area, which is the country’s largest exporter of coal.

Over the past year, thousands of workers have lost their jobs throughout this area, as global prices for thermal coal have dropped 19 percent and for coking coal 13 percent. Between November 2013 and October 2014, the reported job losses totalled 18,750, partially offset by 7,200 new jobs.

Other major companies are also stepping up their efforts to impose the burden of the global crisis on their workforces. Anglo-Swiss giant Glencore, the 10th largest company in the world, last week announced that it would close its Australian coalmines for three weeks over the Christmas period, forcing its workers to take holidays during that time.

Glencore is Australia’s largest coal producer, with 20 mines at 13 complexes across Queensland and neighbouring New South Wales. Prices for the thermal coal (used in power stations) that dominates Glencore’s Australian output have roughly halved over the past three years from around \$US130 a tonne to just over \$60 a tonne.

Last week also, Malcolm Broomhead, a director of mining giant BHP Billiton, called for the country’s labour costs to be slashed. Broomhead declared that “unskilled” labour was priced too high compared to the rest of the world. “We have to become competitive or our living standards will fall,” he insisted.

Broomhead is speaking on behalf of the corporate elite that is determined to exploit the worsening economic downturn to intensify the offensive against

the working class. A former Orica CEO, he is also chairman of Asciano, Australia's second largest listed rail company, and is regarded as one of the country's best-connected corporate directors.

The response of the trade unions to the defiant vote by Hastings Deering workers will be to deepen their collaboration in imposing the requirements of the mining companies on their members, as they have done for decades.

Following the vote, the AMWU quickly signaled its readiness to resume talks with the company with a view to finding ways to make the cost cuts that Hastings Deering's owners demand.

"Hastings Deering employees have understandably rejected this sub-standard deal," AMWU Queensland state secretary Rohan Webb told the media. "By forcing a ballot without resolution on a substantial number of clauses, the company has wasted precious negotiating time."

Webb said the AMWU called on Hastings Deering to come back to the bargaining table as soon as possible in order to negotiate a "fair deal" for workers. Previously, the union proposed a 3 percent across-the-board pay cut for all employees, from the CEO down, as a means of making the required savings.

The union has pursued the enterprise bargaining agreement (EBA) negotiations with Hastings Deering for months, despite acknowledging the company's refusal to guarantee that more jobs will not be axed even if the required savings are delivered.

"As part of the EBA we asked for there not to be any more cuts, but (Hastings Deering) won't agree to that," an AMWU spokesperson told the *Rockhampton Morning Bulletin*. "We said let's do wage cuts across the board—3 percent was enough to keep them viable till enough work came back."

These comments must be a warning to the Hastings Deering workers, and other mining industry workers, that the unions will bend over backwards to assist the companies to cut wage levels, as well as jobs. Mining workers, who were able to win some concessions on wages and conditions in the midst of the mining boom, are now among those facing the full brunt of the sharp reversal in the fortunes of Australian capitalism.

Over the past year, the AMWU and other trade unions have also worked closely with Ford, General Motors and Toyota to secure an "orderly closure" of

the entire car assembly industry in Australia. The defence of jobs and wages can only take place in a conscious political struggle against these union apparatuses, to unify workers, in Australia and internationally, based on a socialist program.



To contact the WSW and the Socialist Equality Party visit:

[wsws.org/contact](https://www.wsws.org/contact)