

Australia: Aurizon workers confront deep assault on conditions

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Trade unions called limited industrial action in central Queensland over the past week at Australia's largest rail freight haulage company, Aurizon, in a bid to contain widespread anger among workers over the former state-owned company's attempt to dismantle long-standing working conditions and protections. Further strike action was called off this week, however, as the unions seek to reach agreements with Aurizon over its cost-cutting demands.

Rail, Tram and Bus Union (RTBU) members stopped work for 24 hours on Monday at depots near Mackay, while Australian Federated Union of Locomotive Employees (AFULE) members held stoppages at freight depots, including Rockhampton, Emerald, Maryborough, Mackay, Toowoomba and Goondiwindi.

RTBU members previously banned overtime at several Queensland coal depots from January 3 until January 7 and stopped work for 24 hours at Aurizon's Jilalan coal depot on January 3-4.

Stoppages were scheduled across the Blackwater coal rail corridor later this week after being postponed due to cyclonic weather conditions in the region. But they were again called off by the RTBU, which claimed "progress" was made in negotiations with Aurizon over the weekend. The company hauls around 50 million tonnes coal a year from Blackwater area mines.

RTBU state president Bruce Mackie told the Australian Broadcasting Corporation: "Let's be realistic, the best way for this agreement to be resolved is for the workplace delegates, RTBU officials and decision-makers from the business, sitting around the room and trying to come up with an agreement."

Aurizon has made clear over 18 months of negotiations that it will not budge on its drive to abolish what it calls "legacy provisions that are not reflective of modern Australian workplace agreements."

While offering 4 percent annual pay increases for four years in new enterprise agreements covering 3,400 of its employees, Aurizon is demanding sweeping changes to working conditions. These include reductions in notification times for rostering changes, changes to shift lengths and the scrapping of a number of allowances and entitlements, such as free train travel. Workers would be given as little as 24 hours' notice for fluctuating start-times on shifts.

Most significantly, Aurizon is demanding the removal of restrictions on forced redundancies and relocations. This signals plans for widespread job destruction. Amid mine closures and plunging coal prices, Aurizon is seeking to drastically slash costs to boost profits at the expense of its workforce.

Aurizon chief executive Lance Hockridge last week cited "a challenging operation environment" and declared the company was determined "to become "a simpler and leaner organisation."

The company previously announced savings targets of \$350 million by 2016 and driving down the operating costs-to-revenue ratio to 75 percent in order to produce a 25 percent profit margin. It then wants to cut the cost ratio to 70 percent by 2020.

This inevitably means further heavy job cuts. Since Aurizon took over the assets of QR National, which was privatised by the previous Queensland Labor government in 2010, it has cut its national freight workforce from 9,390 to 6,977.

Despite falling coal and iron ore haulage volumes, Aurizon still generated a \$308 million profit for the six months to December 2014, up from \$107 million for the corresponding period in 2013.

The company's "transformation program" to reduce costs and drive up productivity contributed \$69 million toward the profit. Another \$40 million came from

selling “surplus” maintenance facilities at Redbank, west of Brisbane. Aurizon shut down passenger train workshops in Redbank and Townsville destroying 480 jobs.

Aurizon is under increasing pressure from large mining companies to reduce haulage costs. In a submission to the Queensland Competition Authority last year, BHP-Billiton warned that high rail freight charges were “hurting coal miners”—that is, mining corporations.

Aurizon workers showed their determination to fight the company’s offensive by voting overwhelmingly for industrial action in ballots last December and by rejecting a company-drafted work agreement circulated by Aurizon last year.

While the rail unions have begun limited industrial action, past experience shows that such campaigns are designed to let off steam and give the unions time to come to an arrangement along the lines dictated by the company.

A similar *modus operandi* was used to contain and then dissipate the widespread opposition by rail workers to the Labor government’s privatisation of QR National and the job destruction that followed.

Last year, as the negotiations dragged on, Queensland RTBU branch secretary Owen Doogan complained that Aurizon “had been unwilling to seriously negotiate in order find a compromise on many of the key sticking points.” He did not elaborate on what he meant by “compromise.”

Over the past 12 months, rail unions have already signed off on regressive new work agreements covering Aurizon workers in New South Wales and Western Australia. An Aurizon spokesman boasted that about half of Aurizon employees nationally “are now on contemporary enterprise work agreements.”

Similar deals have been struck to cover Pacific National and BHP Mitsubishi Alliance rail workers in Queensland. “Both enjoy the kind of provisions that we are seeking,” Aurizon chief executive Hockridge told the *Australian Financial Review*.

Aurizon’s restructuring drive will be backed by the recently elected Queensland Labor government of Premier Annastacia Palaszczuk, which won office with the support of the trade unions. Last week, Palaszczuk met with leading business representatives to assure them of her government’s pro-business credentials,

saying “our doors are open” and “we want to listen to you.”

Queensland Resources Council chief executive Michael Roche told the media he was “confident that a globally competitive resources sector will continue to enjoy bipartisan political support as an essential contributor to Queensland’s economy.”

In a front-page story on February 17, the *Australian Financial Review* highlighted the potential impact of industrial action by Aurizon workers and declared that it was a “challenge” for Palaszczuk’s cabinet.

The government has not as yet intervened directly into the Aurizon dispute, preferring to rely at this stage on the ability of the unions to curtail any industrial action. That could rapidly change, however, given that big business has put the government on notice. Queensland Treasurer Curtis Pitt told the media: “We (the government) will continue to monitor developments.”



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