

Australia: BlueScope Steel demands mass job cuts under threat of plant closure

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BlueScope Steel called on the Australian Workers Union (AWU) this week to help the company impose major restructuring, including the destruction of 500 jobs and at least \$200 million in annual operating cost savings, at its Port Kembla plant in the Illawarra region of New South Wales (NSW). The AWU covers 95 percent of the plant's workers.

In an ultimatum designed to intimidate the company's workforce, BlueScope CEO Paul O'Malley declared that he was prepared to shut down the plant, the largest remaining steel works in Australia, unless the company's demands were met. "The next six to eight weeks will really tell... if we have the support to move the plan forward or we will have to move to plan B (closure)," O'Malley declared on Monday.

The threatened shutdown of the Port Kembla plant, which would bring to an end 100 years of steel production, would have a devastating impact on working-class communities in the Illawarra region, where the official unemployment rate stands at 8.3 percent, significantly higher than the 6.3 percent national average. A recent study by University of Wollongong sociologist Dr Scott Burrows estimated the plant closure would see another 6,500 jobs lost in related industries and suppliers, on top of the 2,500 positions eliminated at the plant itself.

O'Malley's threats were issued on the same day that BlueScope reported a \$136.3 million profit, up from an \$82.4 million loss last year. The profit turnaround was accomplished on the back of major cost-cutting across the company's national operations in the past four years, including the closure of one blast furnace at Port Kembla in 2011 at the cost of 1,100 jobs. The Port Kembla job cuts were followed by the axing of over 1,500 positions at the company's Western Port steel mill at Hastings, Victoria.

The AWU worked hand-in-glove with BlueScope and the then federal Labor government in 2011, rubber-stamping the cuts in exchange for increased redundancy payments.

The AWU, which met last week with BlueScope and federal government officials in Canberra, has already assured the company that it would fully collaborate with the job cuts at Port Kembla.

AWU branch secretary Wayne Phillips told the media: "We understand the critical nature. We've got eight to 10 weeks to really try something. If they (the company) are saying 500 jobs that's fine, as long as everyone from the CEO down is looked at."

Phillips' postscript—"as long as everyone from the CEO down is looked at"—is a desperate attempt to deflect attention from the union's collaboration in all previous rounds of mass job cuts—from the 20,000 steel jobs eliminated under the Hawke and Keating Labor governments, through to BlueScope's latest attacks.

The 2011 job cuts were negotiated by then AWU national secretary Paul Howes, who has since been given a senior position with KPMG, one of the world's biggest business-restructuring and advisory firms. Howes worked closely with the Labor government's then superannuation minister and former AWU national secretary Bill Shorten, who is now leader of the Labor opposition.

The Labor government handed BlueScope \$110 million to help finance the elimination of Port Kembla jobs. Shorten was appointed the federal minister for industrial relations in December 2011 and BlueScope executives rewarded themselves with \$3 million in bonuses.

Like its Labor government predecessor, the present Liberal-National coalition has endorsed BlueScope's demands. A spokeswoman for Industry and Science

Minister Ian Macfarlane told Fairfax Media on Monday that the company was taking “an important step in addressing long-term issues of competitiveness and sustainability,” and that there would be roundtable meetings with “key stake holders” in the Illawarra region to discuss the company’s future.

NSW Liberal Premier Mike Baird held a closed door meeting with the company last week but has not disclosed the content of the talks. The company, however, has made known it is looking for state government concessions, including payroll tax cuts and reduced WorkCover insurance costs that are used to fund workers’ compensation.

Major investors responded to BlueScope’s job-destruction threats on Monday by driving up its share values by 8.6 percent to \$3.67, even as the Australian stock market suffered its worst day since the 2008 global financial crisis. BlueScope also announced that the company will axe up to 1,000 jobs and close its Glenbrook steel mill, south of Auckland in New Zealand, unless \$50 million is cut from annual running costs. The Glenbrook plant is the largest-single-site employer in New Zealand.

BlueScope’s assault on jobs is part of a brutal restructuring by steel producers globally as they attempt to drastically slash costs at the direct expense of their workforces, amid plummeting steel prices and a massive over-supply on the world market.

In the United States Allegheny Technologies, US Steel and ArcelorMittal are all demanding workers accept draconian cuts to benefits and working conditions in the current round of contract negotiations with the United Steelworkers union. This month, US Steel announced the closure of a blast furnace at its Fairfield Works in Alabama at the cost of 1,100 jobs.

The restructure of the steel industry is being driven by the deepening global slump, including stalling economic growth in China where the government has suspended or shelved a raft of steel-intensive infrastructure projects, resulting in a sharp reduction in domestic steel consumption.

Chinese steel mills, which currently manufacture 800 million tonnes of steel annually, or around half the world’s production, have massively increased their exports. In the first seven months of 2015 alone, China’s steel exports grew by more than 25 percent. This has resulted in a worldwide oversupply and sharp

price falls.

Steel prices fell by 46 percent from 2010–14, while hot-rolled coil steel, the basic product at Port Kembla, has dropped from about \$US500 per tonne to below \$US350 a tonne in just 12 months. BlueScope claims it is losing \$US142 a tonne on the 500,000 tonnes it exports each year. Last month, steel production internationally fell by 3.8 percent compared with a year earlier, extending June’s 2.4 percent drop and a 2.1 percent decline in May.

Even if BlueScope and the AWU gain the targeted reduction in costs, this will only serve as a staging platform for future cuts as new exploitative benchmarks are set in the never-ending restructuring of workers’ conditions in the steel industry internationally.

To defend jobs and working conditions requires that BlueScope workers reject the union and company demands and fight to defend all jobs on the basis of a socialist program. This requires a break from the entire union apparatus, which functions as direct agents of the employers and the corporate elite, and the construction of new organisations of struggle to turn out to other sections of the working class under attack—waterside workers, miners and manufacturing workers—in Australia and internationally.

A political struggle must be conducted for a workers’ government that places steel and other key industries under public ownership and democratic control, reorganising society to meet the needs of the majority not private profit.



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