

Union collaborates in attacks on New Zealand Steel workers

Tom Peters
29 August 2015

Australian company BlueScope Steel is threatening to close its subsidiary New Zealand Steel. The company's Glenbrook steel mill, south of Auckland, is the country's largest single-site employer with over 1,000 workers. Its iron-sand mines at Taharoa and North Waikato employ 100 and 60 workers respectively.

The announcement is the latest in a series of attacks by the corporate elite, which intends to make the working class pay for the escalating global economic crisis. The onslaught includes the threat of retrenchments at KiwiRail, job cuts at NZ Post, the collapse of state-owned coal miner Solid Energy and attacks on meat workers' conditions.

On August 24, BlueScope CEO Paul O'Malley declared that the plunge in global steel prices, driven by falling demand from China, meant NZ Steel had to cut \$NZ54.7 million (\$A50 million) in costs or be closed. He said BlueScope was "reviewing the ongoing viability of steelmaking in Australia and New Zealand" and wanted "game-changing" savings to boost its global competitiveness. He called for a "more flexible and productive approach to labour," that is, attacks on workers' conditions, wages and jobs.

BlueScope also announced a major restructure of its Australian operations, including 500 job cuts and \$A200 million in cost savings at its Port Kembla steel plant in New South Wales. O'Malley threatened that if the cuts are not made the plant, which employs 2,500 people, will be closed. The company is relying on the Australian Workers Union to enforce the redundancies.

The company's announcement was made on the same day that it reported a 9 percent full-year underlying profit increase to \$A134.1 million—achieved by previous job cutting in Australia.

The closure of the Glenbrook steel plant, which has operated for almost 50 years, would have a devastating

impact on towns in the Franklin district, including Waiuku, Awhitu and Pukekohe, where the mill supports numerous smaller businesses. One resident of Waiuku, population 9,000, told TV3, "There wouldn't be a town without the steel mill."

The company also contributes around \$NZ80 million to the economy of South Auckland, where the working class has already been severely affected by the economic crisis since 2008. Median incomes in the suburbs of Otara, Papatoetoe, Manurewa, Mangere and Otahuhu fell between 16 and 17 percent from 2006 to 2013, according to the 2013 Census.

Pacific Steel's mill in Otahuhu is to be decommissioned in 2016, with the expected loss of 70 jobs, as part of BlueScope's agreement to purchase Pacific Steel Group from Fletcher Building.

In an attempt to disarm workers, Andrew Bayly, local MP for the ruling National Party, told the *Waikato Times* that the closure of the Glenbrook plant was a "remote" possibility. "The last thing that [New Zealand Steel] would want to do is to reduce staff numbers," he claimed.

Prime Minister John Key told the media there had been no request for government assistance but admitted that "there's been some discussion about jobs [i.e., job cuts] there."

The opposition Labour Party and the Greens have remained silent on the threatened closure, thereby tacitly endorsing NZ Steel's demands. The Lange Labour government paved the way for the current attacks on workers by selling NZ Steel in 1987. This was part of a major pro-market restructuring of the economy, including the privatisation of several state-owned assets and the destruction of tens of thousands of jobs to benefit big business.

The Engineering, Printing and Manufacturing Union

(EPMU), which covers the majority of NZ Steel workers, sought to downplay the likelihood of job cuts at Glenbrook but like its Australian counterpart, the union pledged to help the company slash costs.

Just as it did 1996 when over 300 workers were made redundant at the Glenbrook mill, the EPMU is more than willing to help axe jobs.

EPMU official Joe Gallagher told TV3's Paul Henry: "[T]hey've got until 2017 to find this \$50 million. That gives us a great opportunity to engage around productivity initiatives and exploring all the options... We don't want to cause widespread panic, we need people to concentrate on their job while we engage with the company and... see what sort of waste there is in the business."

In an interview with the *National Business Review* on Monday, Gallagher said the union met regularly with the company's senior management team and would continue to do so. "There's restructuring on a constant basis in these kinds of environments," he said, and called for "all available options" to be examined.

The union does not represent the interests of workers but functions as an arm of management. It is pursuing the same strategy it used to cut jobs at Solid Energy, which went into administration earlier this month threatening the remaining 700 workers. The EPMU had repeatedly imposed wage cuts and redundancies, falsely claiming that these would keep the company open.

Steel workers can only defend their jobs in a rebellion against the trade unions and the entire political establishment. They must establish their independence by setting up genuine rank-and-file committees that they control and appeal to workers in other industries—including rail and coal mining—who are facing similar attacks.

In opposition to the unions in Australia and New Zealand, which are intent on keeping BlueScope and NZ Steel workers isolated from each other, steel workers must develop a unified international campaign in defence of all jobs and conditions.

In opposition to the nationalist, pro-capitalist program of the trade unions, such a struggle must be guided by a socialist and internationalist perspective, and the fight for a workers' government that will nationalise the steel and other major industries under democratic workers' control.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact