

# Australian mining giant replaces Blackwater workers with contractors

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Australia's largest producer of export coal announced plans last month to sack 306 workers from its metallurgical coal mine in the central Queensland town of Blackwater—a fifth of the mine's workforce—and replace them with contract workers. The jobs to be outsourced are at the coal face, drilling, blasting and pre-stripping.

If the move by BMA (BHP Billiton-Mitsubishi Alliance) is allowed to proceed, it will not only be another deep blow to the working people in Blackwater and other towns in the Bowen Basin, but set a further precedent for the creeping casualisation of the mining industry.

BMA produces a quarter of Australia's coal exports and is one the largest such producers in the world. It is handing control of key mining functions at Blackwater to contractor EDI Downer in order to slash costs, blaming the slowdown in China and the ongoing slump in global coal prices.

Coking coal prices have traded around 10-year lows of \$US84 a tonne for the past two months, largely because of lower Chinese demand, shredding BMA's forecast last year of a \$105 floor price. Despite the Australian dollar falling substantially against the greenback, the price has risen only 10 percent from its May low, to \$A114 a tonne.

BMA's move is only the latest in a mounting assault on the jobs and working conditions of workers in the mining industry in Australia and worldwide. Last year, BMA sacked 700 workers from several mines across Australia, then advertised the jobs as casual positions with less pay and worse conditions.

About 30,000 jobs have been lost in Australia in the past year alone as the mining boom has gone into reverse, and worse is to come. In July, Newport Consulting reported that 80 percent of mining managers

surveyed planned to reduce staff and 78 percent planned to cut capital spending over the next 12 months.

These percentages were about double those in a similar survey last year. Newport Consulting managing director David Hand warned that another 30,000 jobs would go in the next year. "If we are halfway through the downturn, and I think 30,000 jobs have gone so far in the last 12 months, it would not surprise me to see the same amount," he said.

BMA's announcement was the second corporate decision to hit Blackwater within two months. In late June, Wesfarmers laid off 70 labour-hire workers at its Curragh mine in Blackwater, just a year after announcing 40 job cuts.

Towns in central Queensland are being devastated as a result. Annemarie Haywood, a resident of Moranbah told a journalist in March: "This town has seen so much pain. There is not one business in town that is not struggling. Truck drivers during the boom were making \$135,000 a year. Now, if they are lucky enough to have jobs, they work for half that much."

Some media reports are labelling Blackwater as a semi-ghost town, with many businesses closed and boarded up. Median house prices in the Blackwater region have plunged during the past two years, from \$471,000 in 2013 to \$150,500 in July. Many workers can no longer afford the repayments on the houses they bought a few years ago. They are in danger of losing their homes and still being saddled with overwhelming debts.

The continuing implosion of the mining boom also has major implications for the state and federal governments, whose budgets depend heavily on royalties and other mining-related tax revenues.

The trade union covering most mine workers, the

Construction, Forestry, Mining and Energy Union (CFMEU), condemned BMA's turn to contract labour, but pleaded for BHP Billiton to keep working with the union to devise alternative means of slashing costs at the expense of jobs and conditions.

CFMEU Queensland mining and energy president Steve Smyth last week stated: "Workers from Blackwater and their representatives have tried to engage with BHP on alternatives to achieve the same supposed productivity gains, but BHP has refused to listen."

Smyth recalled that the union had already assisted the company three times to cut costs and drive up output. "This is despite employees at the mine successfully meeting productivity improvements on at least three previous occasions when asked," he said. "This time, BHP has decided it wants to get rid of them instead."

Smyth condemned the company's "ruthless behavior" and noted: "Any savings made by ripping off workers will go straight out of the Bowen Basin and Queensland and directly into the company's pockets." But his only answer was to ask BHP to once more implement its agenda via talks with the union.

Speaking to the *Australian*, however, BHP Billiton Coal president Mike Henry insisted that further cost cutting was likely. "Times are tough and there is the potential for them to get tougher," Henry said. He emphasised that Downer EDI could do the required work at lower cost and guarantee that productivity targets would be met.

BHP's major coal enterprise agreement with the CFMEU, whose 2011 renegotiation resulted in strikes throughout the mines, expires in October. Henry said talks on renewing that agreement were yet to start.

BHP has been slashing costs in all its Queensland mines for the past two years and has said it will close operations that lose money. In 2012, the company shut two open cut coal mines, Gregory and Norwich Park. In 2014, BMA axed 230 jobs at the Saraji coal mine as part of what it described as a "relentless" focus on productivity and making mines "cash positive."

As the cuts to jobs and conditions have mounted, the response of the CFMEU, typified by Smyth's remarks last week, has been to repeatedly appeal to the companies for a collaborative approach to imposing the cuts.

The union also works closely with Queensland

Premier Annastacia Palaszczuk's state Labor government. Labor has underscored its commitment to the mining companies by doing everything it can to support coal mine projects and expansions, such as the Adani project in the Galilee Basin and the Acland mine on the western Darling Downs, despite major environmental concerns.

At last weekend's state Labor Party conference, Environment Minister Steven Miles declared that Labor did not want to be the party that "jolts" the economy through a crackdown on coal. "We mine coal that's very efficient and economic to burn," he said, reinforcing the government's determination to assist the mining giants to continue to scour mega-profits from their operations at the expense of the working class.



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