

# BlueScope praises Australian unions for pushing through job destruction at Port Kembla

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At BlueScope Steel's annual general meeting (AGM) of shareholders on Thursday, company executives hailed the indispensable role played by the trade unions in pressuring workers to accept the destruction of jobs, wages and conditions at the Port Kembla steel works in Wollongong, in the Illawarra region of New South Wales.

Two days before the meeting, the Australian Workers Union (AWU) and associated unions forced through 500 job cuts, a three-year wage freeze and sweeping cuts to conditions in a secret ballot at the steel works and the neighbouring Spring Hill plant.

The vote had been carefully timed to assure the company's shareholders that the unions could be relied upon to enforce the pro-business restructuring demanded by BlueScope, under conditions of an ongoing slump in global steel prices and ferocious international competition in contracting markets.

In the week preceding the vote, the unions systematically pressured workers to vote "yes," effectively telling them that they had no choice but to agree to the deal, otherwise the company would carry out its threat to shut down the plant altogether. Despite the atmosphere of intimidation, hundreds of workers defied the company-union blackmail and voted "no."

In his address to the AGM, BlueScope CEO and managing director Paul O'Malley thanked the unions for suppressing the opposition in the workforce. "We have also had significant engagement and support from the unions... making significant contributions and commitments to our cost reduction plan."

O'Malley indicated that BlueScope may surpass the cost savings target of \$200 million over two years it had asked the unions to help achieve. The savings have been made on the basis of the cuts imposed at the Port Kembla steel works and a \$60 million payroll tax deferral passed

by the NSW Liberal-National party government last week. BlueScope is also carrying out a restructuring of its New Zealand operations to secure \$50 million in additional savings. As many as 100 jobs could be eliminated.

O'Malley reaffirmed its forecast of \$50 million earnings for the six months to December, an increase of 40 percent compared to the previous six months. BlueScope posted an annual profit of \$136 million in August.

Outgoing BlueScope chairman, Graham Kraehe, declared that the sweeping cuts imposed by the company and the unions at Port Kembla were only "the start, not the finish" of the offensive against workers' wages and conditions. Signalling further cost-cutting, he said: "It really has been an extremely important change at Port Kembla. I think there is a real chance [for the plant] if the employees and the management continue to drive down costs."

Regardless of what workers agree to, the investment funds that own BlueScope may still decide that ending steel production is the best way for the company to register the highest profits and "return to shareholders."

Throughout the AGM, BlueScope's executives repeatedly highlighted the fall in global steel prices, stemming from the intractable slump and overcapacity in the world economy. Major steel companies are carrying out massive restructuring, including plant closures and tens of thousands of job cuts in Britain, throughout Europe, in the US and China.

According to the *Sydney Morning Herald*, Gabriel Radzynski, head of Sandon Capital, a so-called "activist investment fund" which had advised BlueScope to close the Port Kembla plant earlier in the year, said he thought it would "struggle to compete over the medium

term.”

Radzynski's remarks follow those of Vince Pezzullo, a fund manager with Perpetual Investments, the largest shareholder in BlueScope, who said in October that the sackings and wage freeze would more than likely just be an “interim step” prior to the closure of the plant.

In a warning of what is to come for Port Kembla workers, the presentations to the shareholders meeting highlighted the significance of BlueScope's acquisition of the remaining 50 percent of North Star last October. The highly profitable business does not produce steel but recycles abundant scrap metal from abandoned factories in the US rust belt. It employs just 360 workers, who depend for up to half of their wage on corporatist profit-sharing arrangements and bonuses.

Under conditions of a deepening crisis of Australian capitalism, and stepped-up corporate demands from lower wages and more flexible conditions, the AWU's role in implementing sweeping cuts at BlueScope has received favourable coverage in the mainstream press. Sections of the ruling class recognise the critical role of the unions in enforcing their dictates.

The editorial of Thursday's *Sydney Morning Herald* declared: “By helping industries restructure when economic circumstances dictate, unions can be part of the solution and not part of the problem.... BlueScope Steel in the Illawarra provides a recent example.”

In October, Alan Kohler, a prominent financial commentator, wrote a tribute to Daniel Walton, assistant national secretary of the AWU, for his role in overcoming the initial opposition from local delegates to the 500 job cuts and a wage freeze.

The anger among steel workers will only grow as they face the unions lining up with BlueScope to impose the next round of cutbacks to their conditions.

One worker commented on the union's Facebook page: “Voting yes was probably the right thing to do but now we've set a precedent for next year and the year after. The company will threaten us with closure every year and watch us jump through hoops again.”

A worker from the Spring Hill plant, where nearly half the workforce rejected the union deal, made an appeal on Facebook to his colleagues at the Port Kembla plant for a united stand against the cost-cutting. In the aftermath of the vote, the AWU has sought to divide workers at the two plants by accusing Springhill workers of threatening Port Kembla jobs through their opposition to the agreement.

Answering the union, the worker wrote: “Spring Hill

jobs were never safe, the guys here were never under that illusion, and are constantly [facing] restructuring and losing jobs... Hopefully a message has been sent, that this EA [Enterprise Agreement] stinks and the guys, not just here, but over your way, can't keep being industrially blackmailed.”

The “yes” vote for the company-union agreement does not indicate support among BlueScope workers for the attack on jobs, wages and conditions, but the fact that, at present, they have no alternative perspective and organisations to fight for it.

The first step in fighting for the fundamental social rights of the working class—to secure, well-paid jobs, decent and safe working conditions and high quality, free social services—is to take matters out of the hands of the thoroughly corporatised unions, which function as industrial police for the company.

Port Kembla and Spring Hill workers should elect their own, independent rank-and-file factory committees and fight to link up with other sections of workers—at the Arrium steel plant in Whyalla, in the car industry, mining, the power sector, the waterfront and elsewhere—who are facing the same onslaught on jobs and conditions. An appeal should be made to steel workers internationally for a common struggle against the social devastation being imposed by the transnational steel corporations and the banks and investment funds.

The working class is not responsible for the crisis and failure of the profit system. The class collaboration of the unions must be opposed on the basis of a fight for a workers' government and socialist policies, including placing the major banks and corporations under public ownership and the democratic control of the working class. We urge workers to contact the WSWS and SEP and discuss the development of a political counter-offensive against big business, government and the unions.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**