

# Arrium threatens to close Whyalla steelworks in South Australia

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Arrium announced last Wednesday that it was considering mothballing its Whyalla steelworks in South Australia, after reporting a first half year net loss of \$235.8 million. The international mining company made clear that the steelworks will only remain open if the Australian Workers Union (AWU) enforces sweeping cuts to jobs and conditions, on top of 250 sackings announced last year. There is also speculation that Arrium's South Australian-based mining division may be wound-down.

The closure of Arrium's South Australian operations would result in the destruction of an estimated 2,500 jobs, including some 1,400 at the steel works. The shutdown would deepen the social crisis in South Australia, which, after decades of layoffs and closures in manufacturing and industry, has the country's highest official unemployment rate, at 7.2 percent, and would devastate Whyalla, a town of just 22,000.

Arrium's announcement came amid a mounting round of sackings spurred by the collapse in commodity prices, including iron ore and steel, and demands from major shareholders for a stepped-up offensive against workers' conditions in line with international benchmarks.

The company's share price has fallen to just five cents, down from 48 cents when it raised \$754 million from investors in late 2014. It is carrying over \$2 billion in debt and has posted successive losses. This year's underlying loss was reportedly 7.6 percent worse than last year's figures with the Whyalla steelworks losing \$43 million.

Media commentators have noted that the company may be considering shifting operations to its smaller steel plants in Sydney and Melbourne, which have a combined maximum capacity equivalent to that of the Whyalla steel works.

Arrium is demanding that the AWU impose further cost-cutting measures. The company wants an additional \$60 million in savings on top of \$100 million dollars outlined in October. It says it must slash its iron ore mining expenses by a third if it is to continue operations in South Australia.

Whyalla steel works general manager Theuns Victor foreshadowed further redundancies on Wednesday, stating, "There's no doubt that labour is still a very significant part of our costs and therefore it's one of the components that we need to look at ..."

Last October, the AWU committed to assisting the destruction of 200 permanent jobs and 50 casual positions as part of the company's initial savings package. In total, almost 900 jobs have been axed across the company's Australian-based operations.

The AWU responded to Arrium's latest announcement by signalling its willingness to work with the company and state and federal governments to implement even deeper attacks.

On Thursday AWU national secretary Scott McDine called for government subsidies to the company, declaring, "What we need is a clear plan. Arrium needs to be very precise about what it is that it needs to keep its operations afloat and thousands of Australians employed."

As the unions have done in the car industry, which is slated for complete closure after the government provided millions of dollars to the major auto companies, these subsidies will be used to demand a "shared sacrifice."

The South Australian Labor government and the federal Liberal-National government have both made clear that any subsidies would be conditional on further attacks on Whyalla's steel workers.

Federal Minister for Industry Christopher Pyne

declared: “Any financial support would need to be a long-term structural reform.” South Australian Treasurer Tom Koutsantonis said that subsidies would not be a “sugar hit,” but would be to “structurally readjust Arrium … to give them a long-term path to prosperity.”

The AWU established the new model for pro-business “structural reform” last year in its deal with BlueScope to destroy 500 jobs at the Port Kembla steelworks in New South Wales, enforce a three-year wage freeze and overhaul dispute procedures to create the basis for a continuous erosion of working conditions. (See: “BlueScope praises Australian unions for pushing through job destruction at Port Kembla”)

The *Australian Financial Review* hailed the agreement as “groundbreaking,” while leading financial commentator Alan Kohler devoted an entire column to AWU assistant-secretary Daniel Walton. Kohler declared that Walton was “the man who saved the steelworks” and hailed his role in suppressing the widespread opposition to the agreement among workers and delegates.

As at BlueScope, the AWU is promoting nationalism and anti-Chinese xenophobia by claiming that the threat to workers’ jobs stems exclusively from cheap steel from China on the world market. The union is calling for the implementation of protectionist procurement policies mandating government use of Australian produced steel. Its campaign is aimed at dividing workers along national lines, and covering-up the union’s own role as the industrial enforcer responsible for the destruction of jobs in steel and throughout industry.

In reality, steelworkers around the world are confronting a restructuring of the global industry, stemming from the deepest crisis of the global capitalist system since the 1930s. In January, the Chinese government announced that some 400,000 steelworkers were likely to lose their jobs. In Britain, thousands of steel jobs have been destroyed over the past 12 months, while major sackings have taken place elsewhere in Europe and in the United States.

In Australia, decades of job cuts imposed by the unions, working hand-in-hand with the major steel companies and successive governments, have created the conditions for the closure of the entire industry. The Port Kembla steel works, which employed more than

20,000 workers in the 1970s, now has a permanent workforce of less than 2,000. The Newcastle plant, which previously employed 12,000 was shut down in 1999, while Whyalla, which employed some 3,000 workers, faces the same prospect.

The only way to prevent closure of the steel industry is through a rebellion against the unions and their nationalist program and a fight to unify all steelworkers in a common struggle in defence of jobs, and for decent wages and improved working conditions.

Steelworkers should establish factory committees in opposition to the thoroughly corporatised unions in preparation to mobilise against Arrium’s inevitable demands for further job destruction or the moth-balling of the plant. Such committees would be the vehicle to establish ties with workers at the BlueScope steelworks in Port Kembla and New Zealand, and around the world, and with other sections of the working class.

Above all, this struggle must be based on a new political perspective aimed at establishing a workers’ government and socialist policies which place the steel industry under public ownership and workers’ control.



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