

# BHP Billiton demands Australian coal miners accept three-year wage freeze

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14 September 2016

The *Australian Financial Review* (AFR) reported last week that BHP Billiton is demanding that the majority of its Queensland coal miners accept a three-year wage freeze in a new enterprise bargaining agreement (EBA).

The move, labelled by the AFR as “unprecedented,” is part of a broader offensive against the jobs and working conditions of workers that has accelerated following the collapse of world commodity prices.

The Construction, Forestry, Mining and Energy Union (CFMEU) threatened “the mother of all fights” in forthcoming negotiations, but the union has played the central role in imposing the job and wage cuts of BHP and the other major mining companies.

The EBA negotiations cover mines owned and operated by BHP Billiton-Mitsubishi Alliance (BMA), a joint venture of the two major corporations. BMA is the largest Australian-based coal mining concern and reportedly the world’s largest supplier to the seaborne coking coal market.

The agreement is set to cover three of BMA’s mines—at Saraji, Goonyella and Peak Downs—in Queensland’s Bowen Basin region. In addition to the wage freeze, BMA is reportedly demanding an overhaul of conditions. These include a change to the calibration of superannuation payments that could cost workers up to \$4,000 a year and the doubling of rents on company-provided dwellings to \$160 a week. Productivity bonuses are to be slashed.

The AFR noted: “BMA is the biggest single employer of coal miners in Queensland and its agreements have traditionally stood as industry benchmarks for the unions.”

BMA’s enterprise agreement demands are modelled on an EBA pushed through by the Australian Workers Union (AWU) at the BlueScope steelworks in Port Kembla, near Sydney. The company and the union

coerced workers into accepting the deal, under threat of the closure of the entire plant if it were not ratified.

The AWU agreement included a three-year wage freeze, the destruction of 500 jobs and the elimination of conditions. The EBA was hailed as “groundbreaking” by the *Australian Financial Review* and “game-changing” by BlueScope.

Speaking to the *Queensland Times*, Mackay district president of the CFMEU, Stephen Smythe declared he was “surprised” that BMA leaked details of the proposed wage freeze to the press. Smythe complained that the union was yet to discuss the demand with the company. His remark underscored the fact that the CFMEU is seeking to keep coal miners in the dark, while working out a means of pushing through BMA’s demands.

The union has already imposed an effective wage freeze at the Poitrel mine in Queensland, a joint venture between BHP and Mitsui. The agreement, endorsed by the CFMEU in October, mandated no wage rises in its first year and pay increases of just 1 percent in each of the following two years.

At the time, the AFR noted that the deal amounted to a real wage cut and commented: “There is a gathering bank of evidence that says the union’s aggressive narrative sits a good distance from its negotiating reality.” On the union’s posture of opposition, it stated, “if there is any spin it is being generated by a union that seems oddly uncomfortable with the commendable and mine-sustaining financial sense that is being translated into industrial agreements.”

The CFMEU has established a host of agreements facilitating major restructuring cuts carried out by mining companies since the onset of the global financial crisis in 2008. The assault on jobs, wages and conditions has been intensified in the wake of sharp

falls in commodity prices last year. In January, BHP's share price fell to \$14.06, the same level it traded at in 2004, triggering panic in financial circles over the future of the company.

While coking coal prices have rebounded 73 percent since historic lows in February, largely on the basis of increased buying from China, there are ongoing indications of uncertainty in the sector. Fitch Ratings agency noted yesterday that the boost in sales was a product of Chinese government regulations limiting coal production, rather than a growth in underlying demand. Across its operations, BHP reported a year-on-year loss of \$US6.235 billion last month.

In this context, the union has done everything it can to slash the company's costs.

In June last year, the CFMEU and BHP imposed an EBA covering workers from the engineering company, Downer EDI, who were employed at BHP's Blackwater mine. Two months later, BHP expanded the number of roles it was outsourcing to Downer EDI workers and announced 306 job cuts at the site, including 210 workers directly employed by BHP.

The restructure reportedly followed a commitment by Downer EDI to carry out its functions at a cost of 60 percent less than BHP, including by paying its workers up to 25 percent less, with lower overtime rates and greater flexibility provisions.

The union also endorsed an agreement covering contract workers carrying out overburden management at Saraji, another BMA mine. That deal scrapped an already agreed upon 4 percent pay rise and stipulated that pay rises over the following years would not outstrip award rates.

As well as imposing regressive EBAs, the CFMEU has suppressed any industrial or political struggle against widespread job-cutting across the mining industry. Between 2012 and the beginning of 2016, almost 75,000 positions have been axed in the sector. In the first two months of this year, 2,000 jobs were destroyed. In June, the National Australia Bank predicted that a further 50,000 retrenchments would occur in the sector during the next two and half years.

The consequences for workers of the CFMEU's close collaboration with the major mining companies has been underscored by the emergence, late last year, of cases of "black lung" in Queensland. The disease, caused by exposure to coal dust, is incurable and can

result in an agonising death.

For over three decades, the union, along with the companies and successive governments, claimed that "black lung" was eradicated. It then emerged that the disease's existence was documented in workers' compensation claims and mines routinely operated at well over the mandated dust limits. The CFMEU's claims to have been unaware of the existence of the disease and the unsafe conditions that produce it are not credible.



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