

Australian union imposes 10 percent pay cut on steelworkers

Oscar Grenfell
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The Australian Workers Union (AWU) pushed through a 10 percent pay cut for steelworkers at Arrium's plant in Whyalla, South Australia, late on the week beginning September 26. The union, working hand in hand with the Labor Party, the company's administrators and the corporate press, did everything it could to intimidate workers into accepting the drastic wage reduction.

The pay cut was one aspect of a regressive new Enterprise Bargaining Agreement (EBA), designed to make Arrium attractive to a potential buyer by slashing the pay and working conditions of its employees. Workers at the plant initially rejected the cut in August, with 53 percent of those who voted registering their opposition and another 109 abstaining.

Prior to the latest vote, the administrators and the union intensified their pressure on the workers, threatening that a "no" vote could lead to the closure of the plant and the destruction of hundreds of jobs.

Addressing the Whyalla City Council last month, Sebastian Hams, a partner at KordaMentha, Arrium's administrator, outlined the strategy for forcing through the pay cut. He made clear there were no real changes to the agreement that had been rejected just weeks earlier. "We've made some really subtle changes—so subtle some aren't reflected in the EBA, it's just some timing changes," he said.

When one councilor asked Hams whether information was being provided to the employees, he contemptuously said they had been given "too much" information before the last vote. "This time we have simplified the information because there were some things that people just didn't understand about the voting process," he declared.

The union took its cue from the administrators. They issued no statements prior to the latest vote, and did not

even publicly reveal the date of the ballot. It was held just before a three-day long weekend and two football grand finals, so that the opposition among the workers could be defused. The vote was the subject of just a couple of brief media articles, while the union has not even officially reported the result.

According to the *Whyalla News*, "nearly 67 percent" of steelworkers who cast a ballot voted "yes." In other words, a substantial minority, over 33 percent, defied the administrators and the union and rejected the deal. Reportedly, 65 percent of the 100 workers at Arrium's hematite iron ore mine accepted the agreement last month, but the EBA had to be ratified at both sites before it could commence.

KordaMentha partner Mark Mentha hailed the result. "A settled, locked-in EA is critical to the sale process," he said. The combined EBAs at the steelworks and the mine outline a \$17 million cut in labour costs and \$300 million in total savings, which will entail an ongoing assault on the jobs, wages and conditions of the Arrium workers.

The *Australian Financial Review* (AFR) said the outcome gave the administrator's moves to sell the company a "lift." The newspaper favourably noted the union's "unusual step of holding a second vote on a 10 percent pay cut just four weeks after an original vote rejected it."

Arrium went into voluntary administration in April, with debts of \$4.3 billion. The union responded by joining the "Committee of Creditors," alongside banks and other financial institutions, in order to work out how to slash the company's costs.

The union's role at Arrium mirrors its actions at BlueScope Steel, the country's only other steel producer. Last year, the AWU pushed through an agreement at BlueScope that included 500 job cuts, a

three-year wage freeze and a continuous pro-company overhaul of working conditions. The AFR hailed the deal as “ground-breaking.”

While the union has remained silent about its latest role in the destruction of workers’ wages and conditions, it has collaborated closely with Labor Party politicians and right-wing populists, to promote economic nationalism among steelworkers.

As it was pushing through the pay cut at Arrium, the AWU held a “national aluminium conference” advocating protectionist measures in the steel industry.

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This campaign is aimed at diverting attention from the union’s role as the industrial police force of the major companies, and directing anger among workers into the reactionary channels of hostility to their fellow workers in China and internationally.

The union also conducted a tour of the Arrium plant with Labor leader Bill Shorten the day the vote for the wage cut was announced. Shorten urged the government to hand Arrium a \$50 million grant.

As a former leader of the AWU, and a key minister in successive Labor governments, Shorten is directly responsible for the destruction of tens of thousands of jobs. His calls for government subsidies are a continuation of Labor’s nationalist campaign to present the destruction of the Australian steel industry as a result of China’s “dumping” of cheap steel on the world market.

The AWU’s protectionist agitation has been supported also by South Australian senator, Nick Xenophon. He postures as a defender of “Australian jobs,” while advancing a pro-business economic program and calling for Australia to escalate its preparations for war against China.

The destruction of the Australian steel industry is one expression of an assault on the jobs, wages and conditions of workers around the world, amid a deepening crisis of the global capitalist system. The AWU is silent on the fact that Chinese companies have outlined plans to slash half a million jobs, including tens of thousands in the steel sector.

What is needed is the opposite of the reactionary nationalism and corporatism of the unions: a fight to unite workers across national lines, in a common counter-offensive, guided by a socialist and

internationalist perspective against the global attacks being waged by finance and big business.



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