

Australia: Pacific National axes more rail jobs

Terry Cook
21 November 2016

At the end of October, rail haulage company Pacific National (PN) announced another 120 job cuts across its New South Wales (NSW) operations.

The move is part of an ongoing restructure by the company, in collaboration with the Rail, Tram and Bus Union (RTBU), to slash costs and increase profit margins. The cuts will begin next month.

PN was formerly a division of ports and rail group Asciano. It was sold earlier this year to a consortium, including Global Infrastructure Management, the Canada Pension Plan Investment Board, China's CIC Capital Corporation and British Columbia Investment Management Corporation, as part of a \$9 billion asset sell off.

The majority of the job cuts will be train crew positions at PN's Port Waratah coal-haulage operation in Newcastle, where 67 positions are being axed. Another 23 jobs will be shed at Port Kembla on the state's south coast. Others will be destroyed in the NSW regional districts of Greta, Gunnedah and Narrabri.

The latest downsizing follows a spate of job cuts since 2014, including 160 in PN's bulk division and another 46 at its Newcastle operations. Those sackings followed Asciano's announcement that it would take "aggressive" measures to drive up cost savings from \$150 million to \$300 million by 2018.

The company previously merged its Pacific National Rail and Pacific National Coal divisions to slash jobs and push through speed-ups. Workers were told they would have to reapply for their jobs.

A letter from management last month spelt out the company's agenda, declaring that PN had "made a definite decision to reduce our full-time positions... and to increase our use of flexible labour (labour hire and direct casuals) to meet above-average demand for labour." It said new rosters would "increase the number of available working days per cycle" for drivers.

PN's attacks on jobs and working conditions are taking place in the wake of a global slump in commodity prices, including for coal and iron ore. This has decreased production in mining and industry, leading to a fall in freight volumes. Coal volumes through Australian ports were down 0.9 percent for the fiscal year till the end of February.

Before Asciano sold PN, it reported falling revenues from its freight haulage business of 2.3 percent from 2015 to the 2016 figure of \$2.37 billion. Bulk rail was down 3.8 percent over the same period.

PN's restructuring is an attempt to gain a competitive edge over rivals such as Queensland-based freight hauler Aurizon.

Last year, in a bid to increase its market share, Aurizon announced a restructure, including the destruction of 800 jobs across its operations, to achieve cost savings of up to \$380 million. The company had already cut its national freight workforce from 9,390 to 6,977 since it took over the assets of QR National, which was privatised by the previous Queensland state Labor government in 2010.

In October, PN lost an eight-year contract with energy producer AGL Macquarie, to Aurizon. The deal involved hauling 8.7 million tonnes of coal each year from the Wilpinjong and Mangoola mines to AGL's power stations in the NSW Hunter Valley.

The fierce competition is part of a global cost-cutting drive in the haulage industry. In March, German railway operator Deutsche Bahn (DB) announced 2,100 job cuts at its freight transportation subsidiary DB Cargo after recording losses of €1.3 billion for 2015. The unions immediately pledged their support for the attack.

Australian federal and state governments, both Liberal-National and Labor, fully support the demands of the corporate elite for the lowering of haulage costs in the mining sector, so as to bolster profits and

maximise government royalties. The NSW Liberal-National government forecasts royalties from coal of \$1.26 billion this financial year and \$1.82 billion for 2017–18.

The RTBU has likewise signalled its support for PN's restructuring. While it is issuing mealy-mouthed denunciations of casualisation, the union has systematically worked with PN in the destruction of jobs and working conditions via successive enterprise bargaining agreements (EBA).

The current EBA, signed off by the union in 2014, allows the company to move to a workforce that is 49 percent casualised. Job destruction is allowed by the EBA through "voluntary" redundancies and redeployment.

The union has repeatedly appealed for greater collaboration with the company. When 49 job cuts were announced in April, RTBU NSW branch secretary Alex Claassens called on PN to "do everything within its power to find alternate employment for these employees."

The RTBU's major complaint is that the company did not "consult" with the union or "look at redeployment options and advertise for redundancy throughout the company." In other words, the union is concerned with its own position at the bargaining table, and warning that the company would have been better off destroying jobs through "voluntary" redundancies, overseen by the union.

A PN worker told the WSWS there was no opposition from the unions to the latest sackings, saying: "It just seemed like business as usual." He said workers were unaware of the details in work agreements negotiated by the union. "The union claims they weren't expecting PN to attempt to casualise like this but what do they expect will happen when they put such clauses into the EBA?"

He expressed sympathy for the casuals being hired, noting: "Many of them have lost full time jobs elsewhere and are just trying to make a living. They've been told they'll have a guaranteed number of hours, but with this company, I just don't see that happening."

According to the worker, casuals do two weeks training in a classroom with no pay. "How that is even legal is beyond me."

A PN driver in the state of Victoria said the RTBU had not raised anything about the job cuts taking place

in NSW. "As far as I am concerned, the unions work hand-in-hand with the company. Dozens of train drivers' jobs have already gone, particularly from the Rural and Bulk division, which mainly hauls grain.

"The company just sacked a lot of workers here and told them they could re-apply as casuals. What they want, and are getting with the help of the union, is a totally flexible workforce. At the moment, there is a big grain harvest in Victoria and NSW so PN has engaged labour hire companies to bring in workers from all over the country to work their trains.

"We are currently going through negotiations here for a new EBA. There have been no updates on progress by the union, outside of telling us that conditions are not good and that we shouldn't expect much. I think all railway workers must stick together and reject being divided by the union and the company on an enterprise-by-enterprise basis and being played off against workers in other companies. We should oppose the job cuts at PN in NSW and nationally, and at other haulage companies."



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact