Australian contract company continues assault on maintenance workers

Terry Cook
9 November 2017

Around 200 workers formerly employed to maintain Esso Australia's onshore and offshore oil and gas operations in Victoria are continuing an around-the-clock protest outside the Longford gas plant in Gippsland.

The demonstrations are part of an ongoing dispute that erupted after Esso—Exxon-Mobil's Australian arm—awarded a five-year maintenance contract to UGL, an engineering and mining company, in February.

Under the new contract, UGL will provide maintenance and other related services to Esso's onshore oil- and gas-processing plants at Longford, the Long Island Point fractionation plant and Barry Beach Marine Terminal, offshore oil- and gas-producing platforms in Victoria's Bass Strait and crude oil, LPG and gas pipelines.

Announcing the deal, the CIMIC Group, UGL's parent company, declared, "Securing this contract reflects UGL's commitment to delivering cost effective, innovative solutions which optimally maintain our clients' critical asset."

In May, UGL made clear what it meant by "cost effective." It issued an ultimatum to workers that to keep their jobs, they would have to sign up with one of its subsidiaries, MTCT Services, under an enterprise agreement (EA) that substantially reduced wages and working conditions.

MTCT's work agreement would see workers rehired as casuals, meaning they would lose a raft of permanent-employee entitlements. Pay will be slashed by between 15 and 35 percent, depending on workers' trade classifications. Week-on, week-off rosters are to be replaced with fortnightly rotations, meaning workers will spend longer blocks of time away from their families. Annual leave arrangements are reduced along with a number of other allowances.

The MTCT agreement, which Esso and UGL are now attempting to impose, was not negotiated with the workers concerned. It was approved by five MTCT employees in Western Australia, who are not involved in Esso's oil and gas operations, and then transferred to the company's Victorian employees.

The manoeuvre is fully in compliance with Fair Work industrial laws introduced by the federal Labor government in 2009, with the support of the unions. It is designed to circumvent a three-year bargaining dispute over new EA's between UGL and the Australian Manufacturing Workers Union (AMWU), the Australia Workers Union (AWU) and the Electrical Trades Union (ETU).

The unions are seeking to maintain their position as labour bargaining agencies and an industrial police force to deliver UGL's demands. They are dismayed that UGL, backed by Esso, decided in this instance to dispense with their services and move to a more direct means of imposing the cuts.

The unions' willingness to assist the company's cost-cutting drive was made clear in a letter written by Gippsland ETU organiser Peter Mooney to the *Gippsland Times*.

Published in the October 24 edition, the letter confirmed that throughout the EA negotiations, the unions "offered to freeze wages for a number of years and to look at other offsets to support the new contractor (UGL)." Mooney pointed to the union's record in suppressing wages, noting that "The UGLK offshore workforce has not had a pay rise since 2014."

The attack on the UGL workers is part of a sweeping offensive by Esso to slash costs across its entire operations. Last December, around 600 workers at the company's offshore and onshore gas operations in Victoria threatened to strike indefinitely after the

breakdown of two-year EA negotiations.

The strike, which could have affected gas supplies across four states, was blocked by the federal Fair Work Commission (FWC) acting on a termination application by the Victorian state Labor government of Premier Daniel Andrews.

Under Fair Work legislation, the FWC has the power to terminate industrial action it decides would "cause significant damage to the Australian economy or part of it." This is just one of a raft of provisions that can be used to ban strikes and industrial action.

The AMWU, the ETU and the AWU all hailed the strike-breaking intervention by the FWC and the Andrews' government as the "only way to resolve outstanding issues," including the company's regressive changes to rostering and shift arrangements, through arbitration.

Any claim that FWC-enforced arbitration would ensure a favourable result for workers is a fraud. Since its creation in 2009, the FWC has repeatedly intervened in disputes to impose the dictates of the employers. Last year, for instance, rulings brought down by the commission cleared the way for mass sackings at Energy Australia in New South Wales and at Anglo-American's German Creek coal mine in Queensland.

In reality, the unions supported the FWC's termination of the Esso strike as a means of strait-jacketing workers while resuming closed door negotiations to broker a sell-out deal. As early as August last year, the AWU declared it "was willing to consider" one week rotation rosters, opposed by the workforce.

In April, the unions pushed through a regressive enterprise agreement covering production workers. It provided for ongoing changes to shift times, based on the demands of the company, to be secured through company-union negotiations. Underscoring its pro-business character, the deal stated that this was to ensure that "production and business targets are met" in "Esso's changing and competitive business environment," i.e., through continuous cuts to workers' conditions.

In other words, the unions cleared the way for the current attack on maintenance workers. The unions have restricted all action to an impotent protest outside the Longford plant, which has no impact on Esso's production.

The unions are working to prevent any unified industrial and political action by workers across Esso's operations and the entire gas and oil sector. If the company, with the assistance of the unions, is able to inflict a defeat on the UGL workers, the same type of operation will be carried out against other sections of the Esso workforce.

The record shows that the UGL workers can only take forward a struggle in defence of their jobs and conditions by breaking with the corporatised unions, and establishing new organisations of struggle, including rank-and-file factory committees. Above all, what is required is a socialist program, aimed at establishing a workers' government that would place the major oil and gas corporations under public ownership and workers' control.