

# Australia: Molycop slashes 250 steelworker jobs in Newcastle

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Steel manufacturer Molycop announced this week it will slash 250 jobs, around half of the existing workforce, at its plant in Newcastle, a major regional city north of Sydney, New South Wales (NSW).

The cuts are part of a major restructure of Molycop's Australian business. Primary steel production, including the plant's electric arc furnace and bar mill, will be shut down, after more than a century of steelmaking at the facility. The factory will continue to produce railway wheels, grinding balls for the mining industry, and other speciality products, from steel milled elsewhere.

The workers, including some who have been at the factory for decades, were informed at the start of their shifts on Thursday of the cuts, which will take effect from early next year.

With no other steel mills in the surrounding Hunter region, sacked workers are likely to be forced into lower-paid jobs or long-term unemployment. This is a devastating blow for workers, amid soaring inflation and interest rates, and on top of real wage cuts imposed in previous years.

The unions covering workers at the plant publicly denounced the sackings, but accept the partial closure of the factory as a finished question. The union leadership is promoting the conception that "nothing can be done" in order to allow the plant to run without disruption, both before the shutdown, and after, in the section that will continue operating.

This is a lie. The company is not going out of business—it is worth an estimated \$2 billion and has billions of dollars in annual revenue from the ever-more lucrative mining sector.

The multinational corporation was acquired for \$1.6 billion in 2016 by American Industrial Partners (AIP), a US-based private equity firm, after the collapse of Molycop's previous owner, Arrium. Now, AIP is cutting jobs to boost profits and make Molycop more attractive to potential investors as it prepares to float the company on the Australian Stock Exchange.

The slashing of jobs at Molycop can and must be fought, but only if workers take matters into their own hands. Such a

struggle is impossible behind a union bureaucracy that insists that management's decision is final, and which is collaborating with the company to prevent opposition.

After declaring the move a "sad day for the Hunter and a sad day for the Australian manufacturing industry," Australian Workers Union (AWU) NSW secretary Tony Callinan told the *Newcastle Herald* the union would work with Molycop to "minimise the pain."

The "pain" the union bureaucracy is seeking to "minimise" is not that of workers, but of management, by ensuring the smoothest possible transition of workers onto the scrapheap.

"Expressions of interest for voluntary redundancies from across the entire site will hopefully minimise forced redundancies," Callinan continued. In other words, workers who have escaped the first blow of management's axe will be pressured to sacrifice their own livelihoods to save their coworkers.

Australian Manufacturing Workers Union (AMWU) organiser Brad Pidgeon echoed this, cynically suggesting there might be an upside to the mass sacking of workers he supposedly represents. He said: "There's a lot of mixed emotions, we do have some members that are looking at retirement options, so redundancy may be beneficial for them."

Pidgeon continued to plead the company's case, telling the Australian Broadcasting Corporation the shutdown was the result of "ongoing cost pressures, energy market, transport costs as well." The steel used to make Molycop's finished product was, he said, "cheaper now to import from overseas as opposed to manufacturing it here through scrap steel."

Last year, the AWU, along with other trade unions, went hand-in-hand with business lobbyists to demand that the federal Labor government introduce a cap on gas prices for major manufacturers.

The result of this was the Energy Price Relief Plan, rammed through parliament with support from the Greens in less than nine hours last December. Falsely presented as a means of protecting ordinary people from skyrocketing

energy bills, the scheme was, in reality, aimed at slashing the energy bills of big corporations, while still protecting the profits of fossil fuel companies.

Thursday's sackings expose as a lie the pretext—of protecting jobs and working conditions—upon which the unions dragooned workers, including from Molycop, into this pro-business campaign.

The unions have also promoted Molycop's demands for intensified "anti-dumping" legislation, blaming cheap steel from China for job losses. This has nothing to do with protecting workers' interests, but is instead about tying them to the company's ability to compete profitably on the global market.

Equally fraudulent is the broader claim of the union-backed federal Labor government that it is working to build new manufacturing jobs. Prime Minister Anthony Albanese visited Newcastle on Wednesday, to promote the National Reconstruction Fund, an initiative ostensibly aimed at boosting employment in the sector.

Albanese declared, "There is nothing we can do that is more important than make more things here." As the slashing of jobs at Molycop, less than 4 kilometres away and not even 24 hours later, shows, there is something "more important"—the profits of big business.

Following Molycop's job cut announcement, federal Labor Minister for Industry and Science Ed Husic shed crocodile tears: "I feel for the families who have young kids who are wondering why their parents are so anxious because they are thinking about how they will pay the bills and put food on the table."

While Husic claimed he was only informed of Molycop's plans on Wednesday night, he revealed he had been working with the company "over many months... on different issues, particularly on steel industry policy."

Labor's aim in such backroom discussions had nothing to do with what workers want and need. Instead, the government is collaborating with management to advance the interests of "Australian" capital, by ensuring that businesses are "internationally competitive," i.e., that costs are low and profits are high.

The role of the union apparatus is to serve as an industrial police force, ensuring workers make the necessary "sacrifices" to facilitate these government-business cost-cutting demands.

At Molycop and elsewhere, the unions have long used the threat of job losses or plant closure to shut down opposition to wage- and condition-slashing enterprise agreements, and tell workers they must make sacrifices to protect their jobs.

In 2015, the AMWU and Communications, Electrical and Plumbing Union of Australia (CEPU) accepted company demands for no wage increase, followed by 1.5 percent in

2016 and 2017. Since then, all three unions at Molycop have helped the company keep pay increases below inflation to maximise profits.

In 2019, the AWU and AMWU used the threat of total closure of BlueScope's steel plant at Port Kembla to push through wage-cutting agreements. Four years earlier, in 2015, the unions had worked with BlueScope to impose the destruction of 500 jobs and a three-year pay freeze.

This mechanism was also used by the AMWU, in collaboration with Labor and the car manufacturers, to drive down wages and conditions in a decades-long process that led to the destruction of the entire industry.

To fight the cuts at Molycop, and defend jobs across the steel industry and more broadly, workers will need to take matters into their own hands. The first step is to form a rank-and-file committee to lead the fight, democratically run by workers themselves, and involving workers throughout the facility, including those whose jobs are not under immediate threat.

Through this committee, Molycop workers can reach out to their counterparts across the steel industry, throughout manufacturing and more broadly, to mount a unified struggle to defend their jobs, wages and conditions.

The cuts at Molycop are part of a global assault on the working class. Workers must reject the nationalist poison of the unions, which falsely promote the division of workers along national borders, to enable management attacks. A counter-offensive against the destruction of jobs, wages and conditions must be based on the international unity of the working class.

Above all, this fight requires a socialist perspective, aimed at establishing workers' governments, to place all essential industries, including steel, under public ownership and the democratic control of the working class to meet social need, not private profit.



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