

# Australia: Workers face 30 percent pay cut during protracted repairs at Whyalla Steelworks

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Many of the 1,100 workers and contractors employed at South Australia's 60-year-old Whyalla Steelworks face ongoing pay cuts of up to 30 percent after scheduled maintenance work on the smelter went wrong in mid-March, halting production.

With the collaboration of the unions, workers are being forced to shoulder the cost of the failed repairs, which are now expected to take at least another month.

The impact of the protracted shutdown extends beyond the immediate workforce at the steelworks, which directly or indirectly contributes to the employment of more than 40 percent of workers in Whyalla.

As well, the steelworks is Australia's only producer of steel slabs, billets, hot-rolled structural steel and rail products, meaning the months-long outage has implications for numerous industries throughout the country.

Despite the substantial impact of the closure, the state Labor government has made clear that it will do nothing to aid workers. South Australian Energy and Mining Minister Tom Koutsantonis told ABC Radio Adelaide, "This is a private company. This company has received a lot of taxpayer support."

In other words, the Labor government is happy to hand over millions of dollars to facilitate future profits at the facility—including as part of much-vaunted and much-delayed plans to transform it into a hydrogen-powered "green-steel" plant—but, when it comes to paying workers, that is a private matter for management.

The Whyalla Steelworks is owned by Liberty Primary Steel, which is in turn controlled by billionaire British businessman Sanjeev Gupta's GFG Alliance. The

facility is situated at the northern edge of South Australia's Spencer Gulf, close to local raw materials and a deep-water port.

The maintenance was scheduled to shut down production for just two days, but the furnace was allowed to cool too much, allowing molten metal to harden inside it, complicating and significantly delaying the restart process.

The company's original assessment was that it would have the furnace operating by April 24, but this has been pushed back repeatedly as further problems arose. Last week, Managing Director Tony Swiericzuk said furnace operation wouldn't restart until mid-June.

Ahead of the maintenance, workers, "many of whom have decades of experience in furnace operation, raised concerns with management about the risks to the furnace's operational capacity," according to Australian Manufacturing Workers Union (AMWU) state secretary Peter Bauer.

When these warnings came true and the furnace was damaged, forcing a lengthy outage, management responded by slashing the rostered hours of permanent, labour-hire and contract employees. For around half the workers, this has meant a 30 percent cut to take-home pay.

AMWU organiser Steven McMillan defended the company's action, telling *InDaily* that workers "fully understand that if you're not making anything, the company can't keep throwing money at them."

In other words, the position of McMillan and the AMWU is that workers, even those employed "full-time," have no right to a dependable, liveable income.

Australian Workers Union (AWU) organiser Shane Karger also defended the company's right to slash

workers' hours and pay, telling ABC Radio South Australia, "Most large companies—and GFG is no different—have clauses in their enterprise agreements to shift roster hours within time frames to suit their operational needs."

That is, the company is able to place the financial burden of its botched maintenance operation on workers because of clauses agreed to by the union bureaucracy in previous sell-out deals.

When the previous owner of the Whyalla Steelworks, Arrium, collapsed in 2016, it owed its creditors \$4.3 billion. At the time, the unions worked closely with administrators to impose a 10 percent pay cut across the board, slashing \$17 million in labour costs at the company's steelworks and mine in Whyalla.

This was part of a \$300 million cost-cutting package to prepare the Arrium assets for sale. In previous years the unions had assisted in the destruction of over 900 jobs at Whyalla.

In 2022, the AWU, AMWU and other unions covering Liberty workers at Whyalla pushed through an enterprise agreement containing annual wage "rises" of just 2.5 percent, well below the inflation rate of more than 7 percent.

This is in line with the union-backed assault on jobs, wages and conditions across the entire steel industry.

In 2019, the AWU and AMWU used the threat of total closure of BlueScope's Port Kembla steel plant to ram 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.

Over the first months of this year, the AWU facilitated the "orderly closure" of Molycop's electric arc furnace in Newcastle, blocking workers from taking any action to oppose the shutdown of steel production and destruction of hundreds of jobs.

These experiences, along with their response to GFG's pay cuts at Whyalla, make absolutely clear where the allegiances of the union bureaucracy lie. These organisations do not represent the interests of workers, but serve as an industrial police force of management.

This underscores the necessity for workers to build new organisations, rank-and-file committees, independent of the union bureaucracy and democratically led by workers themselves.

In the first instance, a rank-and-file committee at Whyalla Steelworks should demand that full pay, including penalties and shift allowances must be immediately and retroactively restored to pre-shutdown levels for all workers.

To fight for such a demand, workers will have to take on not just the company, but the union bureaucracy, whose role is to deliver everything management wants, and the state and federal Labor governments, which are carrying out a pro-business agenda of austerity.

This means that Whyalla workers need to connect with their counterparts throughout the steel industry and more broadly, and take up a political fight to defend their jobs, wages and conditions.

That must form part of a broader struggle by workers against capitalism, which subordinates everything to profit. The onslaught on jobs and conditions underscores the need for a socialist perspective, and the fight to establish 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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