

Australian financial commentator hails union role in steel cuts at Port Kembla

By Oscar Grenfell
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One of Australia's most prominent financial commentators, Alan Kohler, has issued a glowing tribute to the role played by the Australian Workers Union (AWU) in the pro-business restructuring of BlueScope's Port Kembla steelworks in Wollongong.

Published in last Friday's *Business Spectator* and intended for the audience that subscribes to the financial press, Kohler's piece is a revealing exposure of how the trade unions established a new precedent in the unending assault on workers' jobs, wages and conditions.

Entitled, "The man who saved the Australian steel industry," the article lauds AWU assistant national secretary Daniel Walton for pushing through the deal struck last month for the destruction of 500 jobs, a three-year wage freeze and an unprecedented overhaul of wage and bargaining arrangements at the Port Kembla plant. It reads as a 'thank you' note from the financial establishment to its agents in the union bureaucracy; congratulations for a job well done.

In August, BlueScope, citing the global slump in steel prices and demand, issued an ultimatum that unless it extracted \$200 million in annual savings it would close the Port Kembla plant altogether—a move which would lead to the direct destruction of some 5,000 jobs, and at least another 5,000 indirectly, just in the Illawarra region surrounding Wollongong.

Kohler's piece makes clear that as soon as the company issued its demands, the AWU leadership went into overdrive to suppress any opposition and ensure that a sweeping restructuring was pushed through.

He wrote that following BlueScope's ultimatum, the AWU leadership "agreed at the start this could not be a normal union/company negotiation: they had to treat it like mediation—a 'problem-solving' exercise ..."

The problem to be "solved" was how the union

would intimidate reluctant workers into accepting BlueScope's demands, and obscure their own role as the company's industrial police force. To that end, the AWU enlisted the assistance of Greg Combet, former head of the Australian Council of Trade Unions (ACTU) and a minister in the Rudd and Gillard federal Labor governments.

Combet, who as ACTU secretary oversaw the destruction of thousands of jobs, was given access to BlueScope's books. He obligingly declared that the company was "not bluffing" about the necessity for deep-going cuts. His comments were cited repeatedly by the AWU to insist that workers had no alternative but to accept BlueScope's demands.

According to Kohler, "Early on in the negotiations, local union reps still thought they were in a negotiation and were digging in their heels." The Port Kembla union officials feared that openly acceding to BlueScope's sweeping demands would provoke a rebellion against the union among the workers they falsely claim to represent.

Kohler wrote: "According to BlueScope sources, Daniel Walton took them aside and convinced them to look at it differently, that it was life or death." Kohler reported that the "BlueScope people in the room say they can't speak too highly of him [Walton]."

Kohler also noted that the judge who presided over the negotiations in the Fair Work Commission (FWC) industrial tribunal, Adam Hatcher, was "regarded as a union man," having previously represented various unions during his legal career. Far from being a neutral arbiter, the FWC, established under the Rudd Labor government, is tasked with policing a host of anti-strike laws, and providing a judicial veneer for the ruthless dictates of the major corporations.

After both sides agreed to the 500 job cuts,

BlueScope management insisted that further inroads were required to meet its target of \$60 million in “labour-cost savings.” Kohler explained: “Once again the local unions went back into bargaining mode.” He commented that “this time, Adam Hatcher intervened ... giving the union reps a lecture on the importance of seeing the process through.”

The so-called negotiations had the character of a union-company conspiracy against the workers, who were kept entirely in the dark about what was being prepared. At a membership meeting on October 8, workers were presented with the deal struck by the AWU, and told that if they did not vote “yes” to an agreement that they had not even read, they would be responsible for the closure of the steelworks.

After the deal was pushed through at the meeting, it was immediately hailed as “groundbreaking” by the *Australian Financial Review* and “game changing” by BlueScope management.

The details of the agreement make clear why Kohler and other financial commentators are full of praise for Walton and the AWU leadership. Along with the imposition of a three-year wage freeze, and the suspension of a bonus scheme, the deal provides for the removal of the “status quo” clause from the enterprise agreement.

The clause, established in 1983 under the Button Steel plan, formally provided that the “status quo” would prevail in the event of an irresolvable dispute between management and the unions. In practice, the unions continued to work hand-in-hand with management in implementing sweeping job cuts that have seen Port Kembla’s steel workforce decimated from over 20,000 in the 1970s to around 4,500 today.

The abolition of the clause, however, and its replacement with “mediation and/or arbitration within 35 business days,” presided over by the Fair Work Commission, creates the conditions for a continuous overhaul of working conditions dictated by company management. Under conditions of a deepening economic crisis, and stepped-up pressure for “labour market reform,” it is a precedent that the corporate elite will seek to extend throughout industry.

Kohler declared that BlueScope’s announcement last week that it would continue operations was proof that Walton and the AWU “saved the Australian steel industry.” The experiences of other sections of the

working class belie such claims.

The major car companies repeatedly threatened the shutdown of their Australian operations unless workers agreed to sweeping cuts to jobs and conditions. In 2013, for example, General Motors called for a \$200 a week wage cut at its Elizabeth plant in South Australia. The Australian Manufacturing Workers Union drew up an alternative savings plan, which included, as at BlueScope, a three-year wage freeze. Following the concessions, the company announced, in early 2014, that it was shutting down regardless.

As in the car industry, steelworkers face a global restructuring of production by ruthless transnational corporations, whose demands for ever-lower wages, and greater returns are enforced by the unions. In Britain, a spate of sackings and shut-downs will result in the destruction of one in six of the country’s 30,000 steel jobs.

An indication of what is being prepared for Australian steelworkers is provided in Kohler’s piece. He enthused over how the AWU’s cost-cutting deal at Port Kembla facilitated BlueScope’s purchase of the remaining 50 percent of North Star, an Ohio-based plant in the US.

North Star, which re-processes scrap metal from the US industrial rust belt, employs just 360 workers, who are not covered by any collective agreement. Some 50 percent of their pay is tied to bonuses and “profit-sharing” arrangements.

The role of the AWU underscores the necessity for steelworkers to organise independently of the thoroughly corporatised unions, which function as an extension of company management. The defence of jobs, wages and conditions requires the establishment of independent rank-and-file committees to campaign at the plant, and across Wollongong, for the repudiation of the AWU-BlueScope deal.

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