



**Sharon Grierson MP
Federal Member for Newcastle**

**22 September 2008
Grievance Speech to the Federal Parliament**

BHP Billiton

Ms GRIERSON (Newcastle) (8.40 p.m.)—My grievance tonight is to focus on the importance of knowledge and research to Newcastle and the nation. The key to my grievance are some of the activities of BHP Billiton that are not endearing it to the people of Newcastle, in particular continued job losses at the BHP Billiton Technology Centre at Shortland. Before I reflect upon these job cuts, I want to impart to the House some industrial history. BHP, the big Australian, as it used to be known, commissioned its first steelworks in Newcastle in 1915. It established the Port Waratah Stevedoring Company in 1923. In 1932, it purchased the Lambton colliery near Newcastle. In 1957, it opened its central research laboratories in Newcastle. In 1980, when the Newcastle BHP steelworks were at its peak, it employed 11,500 people. BHP was part of the very fabric of our community and played a huge role in shaping our institutions, culture and economic development.

Under the Hawke government, the need for BHP to restructure and modernise was recognised with the 1983 Button steel plan—a \$100 million plan that gave bounties to BHP on the production of certain products for five years, gave antidumping measures and the promise of productivity improvements and wage restraint from the unions in return for an undertaking to keep its three steel plants running, invest in modernisation and protect jobs. The outcome for Newcastle after a specific allocation of \$42 million from the government was that the Newcastle steel plant, a plant built in 1912 that produced 1½ million tonnes a year, was closed in 1999 and written off at a cost of \$220 million to BHP and a human cost of ongoing hardship for many of the workers of the BHP Newcastle steelworks.

The world does change and industry does come and go, but by 1999, when the BHP steelworks closed its doors, its workforce was down to about 2,000 people. When the plant closed, BHP workers walked out with dignity, celebrating with pride the contribution they had made to steel making in Australia. But there was sadness too. Indeed, depression and suicide were a notable legacy of the BHP closure for some time—one less documented perhaps than the \$220 million asset write-down to the BHP.

Certainly parts of BHP's operations and infrastructure lived on in Newcastle under different guises. OneSteel, which was split from BHP in 2000, continued and continues downstream with the tube making and wire milling operations—albeit with a much reduced workforce. Indeed, early this year, OneSteel announced that it was closing the

former BHP bar mill at Mayfield, with a net loss of about 180 jobs. This was in addition to the 240 jobs lost just before Christmas last year when OneSteel closed its pipe and tube plant. Job losses are always regrettable, but I am amongst the first to acknowledge OneSteel's industrial and stock market success. When OneSteel was spun off out of BHP, its resources and capital were less than optimum—actually they were appalling.

Under the leadership of Geoff Plummer, the Newcastle plant prospered and OneSteel went on to become one of Australia's most successful companies—a tribute to management, staff and workers who made that possible. When the OneSteel job losses were announced, I did speak with Geoff Plummer and told him of my desire to gain more high-end, smart jobs for Newcastle. Having seen too often plant suffering from lack of investment and jobs walk out of town as a result, I stressed to him the importance of the high-end jobs to embedding and sustaining opportunity in Newcastle. With an average weekly income of \$825 in the Hunter region, it is the clever, high-tech jobs that can sustain our long-term growth and prosperity.

Another part of BHP's operations which did continue in Newcastle was its technology centre at Shortland. This centre undertakes research and development on minerals and is part of vital work being undertaken by scientists in institutions all around the nation. Part of my grievance tonight is BHP Billiton's decision to axe, firstly, 16 contract employees at the Shortland technology centre last month. This decision was announced just hours after BHP announced a record \$17.8 billion profit. This is an enormous profit that titillated even the most hardened industry and economic commentators. To put it into perspective, the Commonwealth's budget surplus this year was \$21.7 billion; BHP's profit was 17.8 billion.

Certainly, it came as a shock to us in Newcastle to hear of job losses straight after such a big profit announcement, but things got worse. After a meeting with senior executives from BHP Billiton the week after these job losses were announced it was clear that the future of the remaining 137 workers at the centre was far from assured. I thank Liz McNamara and Bert Nacken from BHP Billiton for responding to my concern and coming, at my request, if not demand, to Canberra to meet with me and to discuss the realignment of their research activities—code for 'most of the job losses will be in Newcastle'.

Last week BHP Billiton announced that almost 80 of the permanent scientists at the BHP Technology Centre would lose their jobs in Newcastle, with more losses possible in the next few weeks. BHP have advised that their coal and minerals research projects will now be based in Perth and that other research positions will be redeployed to the Americas. They are, after all, an international company, but I hold grave fears that the Shortland Technology Centre will actually be closed, given that the jobs that do remain at this stage are in marketing and other areas at the lower end of the technology scale.

I have made it clear to BHP Billiton that we understand the importance of its contribution to the economy of our region. Newcastle people are currently building the NCIG coal loader, in which BHP is a major partner. We are also involved in the decontamination of the former BHP steelworks site, probably the largest and most

complex industrial decontamination activity ever to be undertaken in Australia. BHP Billiton is also the owner of several coalmines in the Hunter Valley. It is the people of Newcastle and the Hunter who dig up that coal, transport it by train to the port of Newcastle and load it onto the ships that deliver it around the world to fuel the global economy.

So we do understand the importance of BHP Billiton to our regional economy and we are proud of our contribution, but we do not want to do just the grunt work in Newcastle and we are tired of seeing centres owned by BHP Billiton suffer from a lack of investment and vision, close down and strip Newcastle of further economic opportunity. We are always happy to do the heavy lifting. After all, that is our history—we have done that for 100 years for BHP Billiton. But we want some of the high-end research jobs as well. A 50-year track record in metallurgy and minerals research should leave behind a better legacy for the people of Newcastle and the Hunter than scientific and environmental black holes.

I call on BHP Billiton to show leadership in energy research and to rethink how it can best align its research activities with the work being undertaken around clean energy in Newcastle. The Australian government's approach to encouraging clean energy research and development is a collaborative one that actively seeks industry partnerships with research. I would like to see BHP Billiton using its existing research centre and partnering with the outstanding energy research effort being undertaken in Newcastle.

The CSIRO energy flagship in Newcastle is soon to become the national headquarters for the National Solar Institute. It is looking for industry partners to trial solar thermal projects that reduce energy consumption and increase energy efficiency, particularly by big industrial energy users such as steelmakers and electricity generators. Newcastle has a proposal before the government for the establishment of a clean energy innovation centre that would be a centre for information, advice and collaboration for SMEs working on clean energy technologies. BHP Billiton could consider getting involved in just such an innovation centre. It would be an excellent addition to Newcastle and BHP Billiton's efforts to fight climate change.

The government also announced last week a \$100 million global institute to speed up the development of carbon capture and storage technology to reduce carbon emissions from blast furnaces and coal-fired power stations. The institute will aim to accelerate carbon capture technology by facilitating demonstration projects and identifying and supporting necessary research. CSIRO and the Cooperative Research Centre for Greenhouse Gas Technologies are leading research into CCS and the global institute is an excellent Rudd government initiative to help push this research further and faster. Much of that research has been carried out at the Newcastle CSIRO energy flagship and at the University of Newcastle clean energy centre, a part of the CO2CRC.

This is in addition to the previously announced National Low Emissions Coal Initiative, a \$500 million program to accelerate the development and deployment of technologies that will reduce emissions from coal use.

So there are tremendous opportunities for collaboration between governments and industry in clean energy research. It is an opportune time for BHP Billiton to invest in the future of the planet and realign its research efforts to the very concentrated activity being undertaken in Newcastle, the place where it all began for them. We would be more than happy to explore mutual benefits—after all, we have history. The BHP Technology Centre is actually located in a research precinct near the University of Newcastle, which, as I said, conducts excellent research into energy use and efficiency. It is also located two kilometres west of the CSIRO energy flagship—the national flagship.

Come on, BHP Billiton. Get with the clean energy program and find a way to make the 100-year investment in Newcastle work to put it at the cutting edge in leading the climate change solutions. I look forward to meeting with Megan Clark from BHP Billiton in the near future to discuss research efforts that could benefit Newcastle, the nation and BHP Billiton.