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## Downsizing deals - OneSteel to slash 1240 direct jobs

Wednesday, 19 Aug, 2009

Despite managing to avoid its first ever half-year loss and restarting some idled steel production, OneSteel will slash its Australian workforce by 1240 jobs.

OneSteel, which had previously been silent on how much of its 11,000 strong workforce would be slashed under a plan announced in April, revealed the extent of the cuts while announcing its yearly results.

It said "Between November and April, significant reductions in variable labour costs were achieved through shift reductions, the taking of leave, removal of overtime and reduced usage of contractors, casuals and labour hire employees. These initiatives reduced variable labour by approximately 1100 Full Time Equivalents, two thirds of which have been maintained through to August."

The release said that there was also a reduction of 100 directly employed staff during the November to April period.

It added that "In April, a second initiative commenced that focused on more permanent labour reductions including 740 directly employed staff to date and plans for a further reduction of approximately 400 directly employed staff over the remainder of 2009. The total number of reductions to directly employed staff implemented or planned under the labour reduction program currently amount to approximately 1240."

It said that "Overall reductions in variable labour and directly employed staff to date under the program have resulted in an estimated AUD 120 million decrease in the labour cost base and a redundancy charge of AUD 57 million that has been included in the 2009 financial statements. We anticipate a total annualized benefit from the overall labour reduction program following further planned reductions of an estimated AUD million with AUD 120 million attributable to reductions in direct staff plus an estimated AUD 40 million reduction to variable costs which have been maintained."

It concluded that "At least 60%, or approximately AUD 100 million of this overall reduction in total labour costs is expected to be maintained irrespective of operating activity levels. The remaining labour related cost reductions that have been effected will continue to align with operating activity levels. Total restructuring costs to the end of December are expected to be about AUD 70 million."

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