

**REGISTER OF
ENTERPRISE AGREEMENTS**

ENTERPRISE AGREEMENT NO: EA03/15

TITLE: BHP Steel Port Kembla Operations Enterprise - Refractory Installation Bricklayers - Agreement 2002

I.R.C. NO: IRC2/6344

DATE APPROVED/COMMENCEMENT: 13 December 2002 / Effective 6 December 2001

TERM: 5 December 2003

**NEW AGREEMENT OR
VARIATION:** New

GAZETTAL REFERENCE: 28 February 2003

DATE TERMINATED:

NUMBER OF PAGES: 17

COVERAGE/DESCRIPTION OF

EMPLOYEES: Applies to all employees of BHP Steel (AIS) Pty Limited, engaged in the Refractory Installation Bricklayer classifications, who fall within the coverage of the BHP Steel (AIS) Pty Ltd - Port Kembla Steel Works Employees Award 2000

PARTIES: BHP (AIS) Pty Limited -&- the Construction, Forestry, Mining and Energy Union (New South Wales Branch)

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**BHP STEEL PORT KEMBLA OPERATIONS ENTERPRISE – REFRACTORY
INSTALLATION BRICKLAYERS - AGREEMENT 2002**

1. TITLE

- 1.1 This Agreement shall be referred to as the BHP Steel Port Kembla Operations Enterprise – Refractory Installation Bricklayers - Agreement 2002.

2. ARRANGEMENT

1. TITLE

2. ARRANGEMENT

3. PARTIES, APPLICATION AND DURATION

4. INCREASES TO WAGES AND ALLOWANCES

5. LONG SERVICE LEAVE

6. INTRODUCTION OF CHANGE INCLUDING OUTSOURCING

7. SECURITY FOR EMPLOYEES AFFECTED BY WORKPLACE CHANGE

8. REGULATION OF DISTURBANCES TO PRODUCTION AND SUPPLY

9. NO EXTRA CLAIMS

10. RENEGOTIATIONS OF THIS AGREEMENT

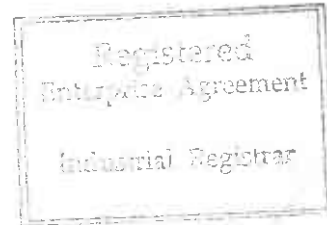
11. PROCEDURE FOR RESOLVING CLAIMS, ISSUES AND DISPUTES

12. ONGOING OBJECTIVES AND COMMITMENTS

13. SIGNATORIES

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3. **PARTIES, APPLICATION AND DURATION**



3.1 The parties to this Agreement are:

3.1.1 BHP Steel (AIS) Pty Ltd (the **Company**); and

3.1.2 Construction, Forestry, Mining and Energy Union (New South Wales Branch) (the **Union**).

3.2 This Agreement applies to all employees employed by the Company in Refractory Installation Bricklayers classifications contained in the BHP Steel (AIS) Pty Ltd – Port Kembla Steel Works Employees Award 2000 published 23 March 2001 (323 IG 245), as varied, (the **Award**) and any award that succeeds or replaces the Award.

3.3 The nominal term of this Agreement is from 6 December 2001 until 5 December 2003.

3.4 This Agreement prevails over the provisions of any award of the Commission that deals with the same matters.

4. **INCREASES TO WAGES AND ALLOWANCES**

4.1 Wage rates for Refractory Installation Bricklayers Classifications in the Award shall be increased by 4% with effect from 6 December 2001 and a further 4% with effect from 8 December 2002.

4.2 Allowances applicable to Refractory Installation Bricklayers which have ordinarily been increased in line with general wage increases shall also be increased by 4% from 6 December 2001 and by a further 4% from 8 December 2002.

4.3 For the period from 6 December 2001 until the beginning of the first pay period commencing on or after 2 June 2002 the increases referred to in sub-clauses 4.1 and 4.2 may be satisfied by the Company paying to each employee a lump sum which is 4% of the amount of the total wages and allowances paid to the employee during the period

commencing from 2 December 2001 until 2 June 2002; provided that in calculating the total wages and allowances so paid there shall not be taken into account payments made in such period pursuant to the applicable Lump Sum Payments Scheme awards.

4.4 The increases referred to in this clause shall only apply to employees who remain employed by the Company on 6 December 2001.

4.5 The Company will satisfy its superannuation contribution obligations in respect of the lump sum referred to in sub-clause 4.3 by making contributions calculated by the method set out in MFI 42 in matter 8095 of 2001.

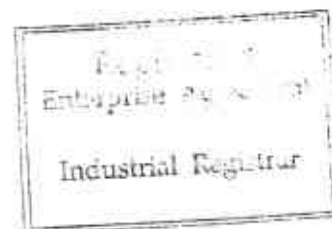
[Note: it is intended that the Award shall be varied to give effect to these increases in wages and allowances.]

5. LONG SERVICE LEAVE

5.1 With effect from the beginning of the first pay period on or after 13 May 2002, long service leave shall accrue at the rate of 13 weeks leave after 10 years continuous service.

5.2 This rate of accrual is not retrospective and applies only to leave accruing after the commencement of the new rate of accrual as specified in subclause 5.1.

5.3 An employee who has completed with the Company at least 5 years service, and whose services are terminated by the Company for any reason other than the employee's serious and wilful misconduct, or by the employee on account of illness, incapacity or domestic or other pressing necessity, or by reason of the death of the employee, will be paid out their accrued long service leave entitlement.



6. INTRODUCTION OF CHANGE INCLUDING OUTSOURCING

6.1 Principles concerning the management of change

The parties agree to the following key principles concerning the management of change:

- 6.1.1 The parties recognise and accept that change is an inevitable and increasingly necessary part of the steel industry;
- 6.1.2 Change must be ongoing to ensure that the Company remains viable and employee expectation concerning security of employment can be satisfied;
- 6.1.3 In considering the desirability and business case for any proposed change the tests to be applied are requirements for the change to be:

- Safe;
- Efficient;
- Legal; and
- Fair.



- 6.1.4 The parties commit to consult and abide by the dispute settling procedures provided in this Agreement and the Award in the event that proposed changes are not agreed. In support of this commitment there will be both detailed communication and strong reinforcement by the Company and the Union in respect of these procedures. Subject to any disagreement being referred to the Commission the changes will be able to be implemented.
- 6.1.5 All parties share an intent that there be "zero industrial action" and to that end will actively ensure that employees, delegates and officials will, on each and every

occasion where a dispute arises and is not resolved, follow the dispute settling procedure and not take industrial action.

6.2 Processes for introduction of change

6.2.1 Where changes are "significant in nature", as defined in this sub-clause, they shall be subject to the processes set out in 6.3

6.2.2 Changes which are not "significant in nature" shall be introduced in accordance with the principles set out in sub-clause 6.1 and the provisions of the Award. Disputes in relation to such changes shall be dealt with in accordance with the procedures for resolving claims, issues and disputes provided in the Award.

6.2.3 A change is "significant in nature" for the purposes of this clause if the change will have substantial effects on:

- (a) The composition, operation or size of the workforce in a section or department of the operations of the Company;
- (b) The skills required of employees;
- (c) The availability of job opportunities for employees;
- (d) The opportunities for promotions of employees;
- (e) The security of employment of employees;
- (f) The hours of work of employees;
- (g) The location of work of employees;
- (h) Shift pattern changes; and



- (i) Outsourcing of work (meaning the engagement on a permanent basis of another organisation to perform work which has previously been performed by employees of the Company. In this respect outsourcing differs from the use of contractors to meet intermittent work load requirements or to provide specialist skills on a short term or as needs basis).

6.2.4 Where a change is provided for in the Award it will not be regarded as significant in nature for the purposes of this clause.

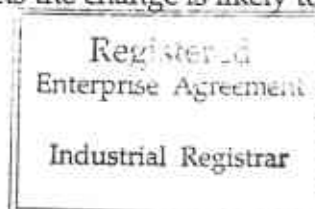
6.3 Processes for introducing change which is significant in nature and for resolving associated issues and disputes

6.3.1 The provisions of this sub-clause set out the terms and order of the procedure which shall govern the introduction and management of change which is significant in nature.

6.3.2 Where the Company has made a decision to make a change which is significant in nature it shall notify the Union and employees affected in writing of the elements of the proposed change, the intended date of commencement for the change and the likely consequences for the affected employees and Union. This step shall occur before the introduction of the change.

6.3.3 The Company shall consult with the employees affected and the Union about:

- (a) the nature of and reasons for the change;
- (b) the effects the change is likely to have on employees; and
- (c) measures to avert or reduce the adverse effects the change is likely to have for employees.



The Company shall give prompt consideration to matters raised by the employees and the Union.

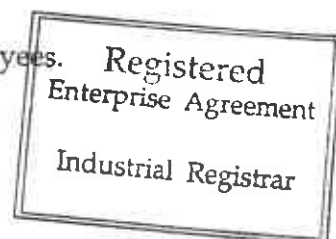
- 6.3.4 The consultation process will conclude upon a party to the process declaring to the other party in writing that it regards the consultation process as exhausted or; an agreement is reached between the parties to the consultation on a settlement to the issues or; notification is made under the Act of an industrial dispute as to the change. The consultation process must be comprehensive and genuine and may be reconvened by direction of the Commission in dispute resolution proceedings, if it has been shown to be prematurely concluded.
- 6.3.5 Where agreement is reached as to a change, the change is to be implemented immediately and the parties are to promptly record the terms of the agreement in writing.
- 6.3.6 Where the consultation process concludes upon a party declaring to the other party that it regards the consultation process as exhausted, and there is disagreement as to the change proposed, the change may be implemented forthwith unless a party to the consultation process gives notice to the other party, in writing, that it seeks a "cooling off period". For such a notice to be effective, it must be served by 5pm on the next day after the declaration that the consultative process is exhausted. If a party so notifies its request for a cooling off period, that cooling off period shall operate from the date of the notice for a period of 14 days. There must be no industrial action during the cooling off period. The status quo (existing prior to the proposed change) shall apply during the cooling off period. Any implementation of the change shall cease upon the giving of the notice for a cooling off period and any part of the change made by that time will be reversed.

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- 6.3.7 The proposed change may be put into effect after the expiry of the 14 day cooling off period, subject to any decision by the Commission in proceedings pursuant to s130 of the Act varying the duration of the cooling off period. A party to the consultation process may seek an extension or reduction of the cooling off period in such proceedings. The onus shall fall upon that party to establish grounds for varying the cooling off period.
- 6.3.8 Where an issue associated with a change concerns the interpretation or application of an existing provision of the Award, or this Agreement, the status quo shall prevail until the matter is agreed or is the subject of interpretation by the Commission. No industrial action shall occur in relation to such a dispute.
- 6.3.9 The provisions of this Agreement in relation to the regulation of disturbances to production and supply (clause 8) shall apply to any dispute concerning the introduction of change.
- 6.3.10 Nothing in this Agreement detracts from the operation of the Act with respect to the settlement of industrial disputes.

6.4 Nature of Consultation

- 6.4.1 Consultation is the process through which employees share in problem-solving and decision-making. It provides for input from employees and the Union before Company management decides on action affecting its employees.
- 6.4.2 Consultation involves:
- 6.4.2.1 All parties (management, employees and the Union) being prepared to put forward considered views in respect of desired improvements and alternatives as to how such improvements could be achieved;



6.4.2.2 An opportunity being given to all affected parties to fully understand the nature and impact of those views before any final decision on implementation of changes is made by the Company;

6.4.2.3 Fair consideration being given to the issues and concerns raised by the parties before any final decision on implementation of change is made.

7. SECURITY FOR EMPLOYEES AFFECTED BY WORKPLACE CHANGE

- 7.1 Security of employment is important for improving working relationships, trust and cooperation with change. The parties do not want an environment where everyone is working in fear of losing their employment. The parties want an environment where people focus on doing their jobs safely and well, implementing improvement actions, adapting swiftly to change and caring for the business. Real employment security can only be achieved by successful business performance. Working together in implementing change and improvement will maximise the security for everyone.
- 7.2 The parties recognise that sustained security of employment can only be based on long-term business success and the parties commitment to the development and achievement of the Company's business plans.
- 7.3 While workplace change, new technologies and changes in operations will be ongoing and may lead to employees being made surplus, every opportunity will be taken to effect changes through voluntary means and natural attrition.
- 7.4 Subject to the terms of this Agreement, employment security is provided for the period of this Agreement subject to the provisions of this clause and the implementation of actions and undertakings provided for in this Agreement. Where employees are made surplus, the Union will be advised and the following principles will apply:



(a) Where suitable positions are available:

- An employee can reject two positions that become available.
- The next suitable position must be accepted by the employee.
- Employees will remain in their current Department whilst awaiting a new position.

(b) Where only one suitable position is available:

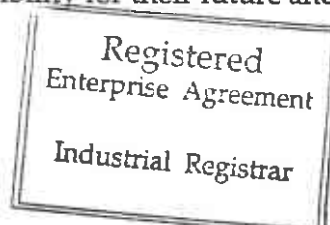
- There will be situations where individuals are only offered one suitable position, because of the employee's particular skills and abilities. In these cases, the employee will transfer to where their skills and abilities can be used.

(c) Where no suitable positions are available:

- Each employee will be managed on a case by case basis. Employees will be required to participate in a career transition, retraining, job search or outplacement programs sponsored by the Company to maximise opportunities for alternative employment recognising that employees cannot be maintained as surplus indefinitely:

7.5 Where the above provisions have been met and an employee remains unplaced in the long term, the Company will meet with the employee and his or her Union representative to determine what options are available for that employee.

7.6 The extension of employment security under the above arrangements requires that displaced employees take responsibility for their future and genuinely seek new positions and opportunities.



- 7.7 Any difficulties or issues arising out of the procedures described in this clause will be discussed with the involvement of the Union where appropriate and will be dealt with in accordance with the dispute resolution procedure in the Award.
- 7.8 Major closures or significant unexpected events will be treated as special cases and will be discussed separately in advance of the event.
- 7.9 Changes to work arrangements can result in people having to move to different shifts which provide lower ordinary time earnings. When this happens, employees will be given reasonable notice so that they have time to adjust their financial situation to suit. These arrangements do not apply to roster changes, which are driven by normal market fluctuations.
- 7.10 Nothing in this clause affects the right of the Company to dismiss an employee lawfully for misconduct or other circumstances unrelated to the employee having become redundant.

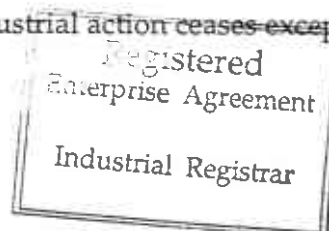
8. REGULATION OF DISTURBANCES TO PRODUCTION AND SUPPLY

8.1 Objects of this Clause

- 8.1.1 One of the key pillars that supports the ability of the Company to have an effective and efficient business is the ongoing compliance by the parties and all employees with the obligations in this clause in respect of hot metal arrangements.
- 8.1.2 The commitment and compliance with the obligations prescribed in this clause are significant in that they recognise the paramount importance of protecting the security and integrity of the Company's assets and not wastefully destroying product.



- 8.1.3 The parties recognise that to achieve these goals and maintain secure employment, they must manage their differences without allowing these differences to result in the destruction of product.
- 8.1.4 The parties understand that only by satisfying customers and developing markets can the Company deliver the desirable benefit of ongoing security of employment.
- 8.1.5 The obligation to comply with the arrangements contained in this clause in respect of hot metal does not restrain, or seek to restrain, the taking of industrial action which does not result in non-compliance with those obligations. The parties are however committed to working together to provide a workplace where issues are resolved without recourse to industrial action.
- 8.1.6 The obligations imposed by this clause apply to both parties and all employees covered by this Agreement at all times, regardless of the reasons for or the nature or the extent of industrial action (i.e. whether limited to a particular part or parts of the Company's operations or involving the whole of such operations).
- 8.1.7 The obligations imposed by this clause require that employees covered by this Agreement perform as directed the necessary work (for the purposes of this clause) which is part of their usual duties and are not to be taken as requiring 'staff' employees to undertake such work instead of employees covered by this Agreement.
- 8.1.8 The hot metal arrangements provided for in this clause are designed to preserve the interests of those engaged in the taking of industrial action by requiring that the Company not deal with slabs produced (in the sense of further processing and despatching the slabs) until the industrial action ceases except as provided for in sub-clause 8.3.6.

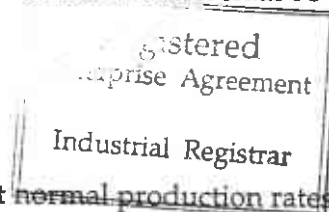


8.2 Compliance with this Clause and Linkage with Employment Security

- 8.2.1 There must be strict compliance by all parties with the terms of this Agreement concerning hot metal arrangements (sub-clause 8.3) during the course of any industrial action. There must be no breaches of these provisions.
- 8.2.2 The taking of steps during the course of any industrial action in breach of these requirements would be a serious matter and one requiring significant and urgent attention in any dispute resolution processes. Any breach would be a paramount consideration for the Commission in the exercise of its powers under the Act as to industrial disputes.
- 8.2.3 A breach of the provisions concerning hot metal arrangements (sub-clause 8.3) may result in the removal (in part or whole) of the employment security provisions specified in clause 7 of this Agreement. Any such removal shall not relieve the employees concerned of their obligations to comply with the requirements of this clause 8.
- 8.2.4 An application to remove the benefits of security of employment from any employees may be made by the Company by notification under the Act of an industrial dispute. The Company shall bear the onus of making out a case for such removal. The determination of such an application shall be governed by the considerations referred to by the Commission in the Recommendation of Walton J – Vice President, dated 13 May 2002, in matter no. 8095 of 2001, particularly at paragraph 95. The Commission's determination shall be binding on the parties.

8.3 Hot Metal Arrangements

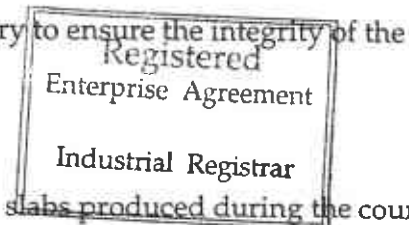
- 8.3.1 Plant operations will continue at normal production rates unless there is industrial action, which extends more than 8 hours, in one of the following major



departments and where that action would prior to this Agreement have resulted in the dumping of hot metal.

The major departments are: Blast Furnaces, Rail Operations, BOS and Slab Caster.

- 8.3.2 Recognising that this provision is designed to avoid destruction of product and not to retain normal operations in the event of industrial action in one of the above areas, the Blast Furnaces will, where the industrial action in one of the major departments referred to in sub-clause 8.3.1 runs for more than 8 hours, operate at a reduced level. That level will be nominally 90% of full production level – that being the level necessary to maintain stable furnace operations and to return to normal operating levels immediately after the industrial action.
- 8.3.3 All iron that is at the BOS at the time the industrial action commences will be processed as normal.
- 8.3.4 Slabmaking operations will be sufficient to ensure that there is no hot metal dumped as a result of industrial action. Generally it is expected that this will require consistent 2-machine casting on any 2 machines as may be required. It is noted that, where possible, generally No. 2 and No. 3 machines would be utilised.
- 8.3.5 Slabs will be processed to the extent necessary to ensure the integrity of the product.
- 8.3.6 Subject to subclauses 8.3.3, 8.3.5 and 8.3.7 all slabs produced during the course of industrial action shall be stored at locations selected by the Company and will not be further handled, dispatched or processed until the actual cessation of the industrial action, provided that slabs shall be further handled (but not dispatched or processed) to the extent necessary for reasons of safety or to enable effect to be given to the objects of this Clause and the requirements of this sub-clause 8.3.



8.3.7 Slabhandling operations will ensure that slab is stacked in the Slab Yard or as directed by the Company in an efficient and effective way. Where the industrial action is in the Slab Yard area, slab will still be produced and that slab will be stacked and stored in an effective and efficient way as directed by the Company.

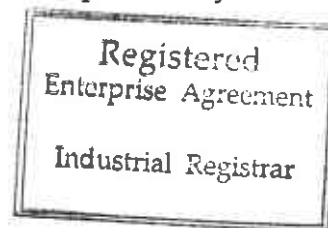
8.3.8 The parties' commitment to "no dumping of iron" requires that support functions necessary to sustain the safety and operating integrity of the blast furnaces, however provided, will continue through the industrial action.

8.3.9 No employee nor the Union will direct or encourage any employee or contractor in an associated area to take action that may have the effect of circumventing the intent and operation of these arrangements – namely that Blast Furnaces continue to operate and hot metal is not dumped in the event of industrial action.

8.3.10 The Company shall provide the Union each day with a list of the location of all slabs stored in accordance with these hot metal arrangements during the course of industrial action.

9. NO EXTRA CLAIMS

9.1 The Company and the Union agree to settle all claims made by any of them in respect of the enterprise agreement negotiations commenced in 2001, whether concerning the contents of steel industry agreements, remuneration or other matters on the terms contained in this Agreement. The Union will not further pursue any such claims during the term of this agreement.



10. RENEGOTIATIONS OF THIS AGREEMENT

10.1 Not less than 3 months prior to the expiry of the nominal term of this Agreement the parties will commence discussions with a view to negotiating a replacement agreement.

11. **PROCEDURE FOR RESOLVING CLAIMS, ISSUES AND DISPUTES**

- 11.1 Any dispute in relation to the interpretation or operation of this Agreement shall be discussed between representatives of the management of the Company and the Union.
- 11.2 If such discussions do not resolve the dispute then either party to this Agreement may refer the dispute to the Commission for Resolution.

12. **ONGOING OBJECTIVES AND COMMITMENTS**

12.1 The parties want to build on:

- 12.1.1 Safety – continue our efforts towards achieving an injury free workplace.
- 12.1.2 Consultation – improving everyone's understanding of our business performance and encouraging them to be involved in improvement.
- 12.1.3 Employee development – making our training systems more efficient and making sure our training meets changing business needs.
- 12.1.4 Use of contractors – continuing to use contractors where there is a sensible business case to do so.



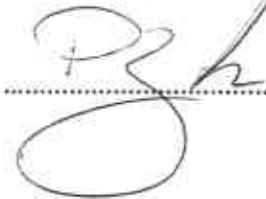
12.1.5 Relationships and trust – promoting a caring organisation and enhancing the level of trust between all groups of employees.

13. SIGNATORIES

SIGNED for and on behalf of BHP STEEL (AIS) PTY LTD

 Date *5 December 02*

SIGNED for and on behalf of CONSTRUCTION, FORESTRY, MINING AND ENERGY UNION (NEW SOUTH WALES BRANCH)

 Date *05.12.2002*

