

# Sacked Australian textile workers picket for \$11 million in unpaid entitlements

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Workers sacked by National Textiles on January 21 are continuing their 24-hour picket outside the company's factory in the town of Rutherford, about 170 kilometres north of Sydney. The 342 workers are owed a total of \$11 million in unpaid entitlements, including annual leave, sick pay, long service and redundancy payments, and superannuation.

The workers were laid off without warning after being told at a meeting called by management that the company was going into receivership and would close immediately. They were escorted off the plant and had to return later to collect their personal belongings from their lockers. Two weeks earlier the company sent a letter to employees telling them to extend their holiday break and that they would receive an extra week's pay.

The company has now offered to pay just over half of the money owed to workers over the next two years. However, even this offer depends on National Textiles being able to sell its operation for \$7 million to Brack, a Victorian company. If the receiver decides to liquidate the company's assets, the employees will receive nothing, as creditors with secured loans, such as the Scottish Pacific Bank, will be paid out first.

The management said the closure was the product of a business downturn and cited the loss of contracts worth \$2 million to Sydney Organising Committee of the Olympic Games (SOCOG) and for the supply of fabric for NSW police uniforms. The company lost substantial orders when Sara Lee, one of the company's key clients, decided last year to relocate a major part of its operations to Fiji. It has also been affected by the phasing out of the Federal government's export enhancement scheme, which was worth more than \$2.5 million dollars in subsidies to the textile industry.

The sacked workers have little chance of finding jobs in the Hunter region where the unemployment rate is almost double the national average of 7 percent. Over 3,000 jobs have been destroyed in recent years in the region's textile industry with the closure of companies such as Bradmill, Depict and King Gee. National Textiles has shed more than 1,200 jobs over the last two decades.

The closure has been devastating for workers. Many have little in the way of savings and live on a week-by-week basis with most of their wages used to meet mortgage payments and general living expenses. Their problems were made worse

when the Scottish Pacific Bank froze the company's account and failed to honour the employees' last pay cheques.

In recent years, both the company and the union urged workers to accept extensive reductions in working conditions and substantial changes in work practices. They claimed that the sacrifices were necessary for the company to be "competitive" and to protect jobs.

From 1996-97 onwards, union-negotiated Enterprise Work Agreements (EBAs) resulted in increased flexibility in working hours and greater multi-skilling. Workers were called on to work through lunch breaks and to work a shift instead of claiming overtime. The monthly rostered-day-off ceased to be scheduled leave and had to be taken in line with production needs. Machine operators were trained to perform work normally done by tradesmen and to carry out a range of repairs on their own machines.

Wages were also held down. At the time of the closure the average annual wage was only \$27,000, with take home pay ranging from \$300 to \$500 a week. Women weavers on the 3pm to 11pm shift cleared only \$391 a week, including a shift allowance, and a male machine operator working the graveyard shift, between 11pm to 7 am, received just \$500 a week.

Following extensive media reportage, the Federal Workplace Relations Minister Peter Reith announced last week that he would "press Cabinet" when it resumes to endorse a national insurance scheme "to protect workers' entitlements". He ruled on any suggestion that employers would be levied saying that the scheme, first promised last year, would be taxpayer funded.

However, even if the proposed scheme is introduced, payments to workers would be capped at \$20,000, a fraction of what is normally owed to workers when companies collapse. For example, many workers at National Textiles are owed amounts ranging between \$50,000 to \$60,000 dollars.

Commenting on the National Textiles closure, Prime Minister John Howard said it was not an exception but that many more companies would go to the wall as the government pushed ahead with further deregulation. He told the media last week that what had happened to workers at National Textiles had to be accepted as "economic reality". Australian companies had to remain competitive with low-wage countries, he said. "If it's not possible, unfortunately firms close." The chairman of

National Textiles is Stan Howard, the Prime Minister's younger brother.

The dispute at National Textiles has again focused public attention on the issue of unpaid entitlements—a situation facing an increasing number of workers. Last July the spotlight was on 125 miners at the Oakdale mine who were sacked with \$6.3 million in entitlements owed to them. At first the government showed little interest in the Oakdale workers. For their part, the unions, having isolated the dispute, were preparing to accept a settlement based on a fire sale of the mine's equipment.

However, the Oakdale dispute began to become a focus for a broader hostility to the actions of banks and companies. Both big business and the unions became worried that the miners' campaign would precipitate a wider movement opposed not only to the non-payment of entitlements but also to job destruction and plant closures. The Construction Forestry Mining and Energy Union was forced to organise a national 24-hour miners strike after being inundated with calls from angry members demanding action.

Business circles were also concerned that industrial action would disrupt the broader plans of the Howard government for further "industrial and workplace reform", including the elimination of most award conditions.

Right wing talkback hosts and other commentators, normally indifferent or hostile to the problems of workers, suddenly began to condemn the treatment of the Oakdale miners and demand the government settle the question. Reith eventually accepted a union proposal to pay the Oakdale miners from the \$240 million Coal Industry long service leave fund. He also promised that the government would introduce a national workers' entitlement scheme by January 2000.

The unions portrayed settlement at Oakdale as a victory. In fact, the union leadership played a crucial role in assisting the Howard government defuse the mounting anger. Despite government promises its limited scheme has not yet been introduced. As a result, 3,000 workers owed more than \$30 million in entitlements were left to fend for themselves, and now workers at National Textiles face an identical situation.

The *World Socialist Web Site* spoke to workers on the picket line in Rutherford.

Vicky Sharpe, 29, has worked at the company for three years in the weaving section. Her husband has worked there for the last six years. The couple has two children—a five-year-old daughter and a son who is eight.

"It was a real shock when they closed the doors on us. If we knew what was going to happen we wouldn't have gone away for our holidays, we would have stayed home and saved our money. We have been left with nothing. We have four days pay until unemployment benefits come through. But we have been told that that will be weeks away. We are surviving by coming down to the picket to get meals. Without the picket I don't how some families could survive. All the food here is due to the generosity of the people and some businesses in town.

"The way we have been treated by the management is disgusting. The first I heard the place was closing was from a news report on TV. My neighbours knew about it before I did.

"We were instructed to go to the factory to get our termination papers. We had to line up in alphabetical order then file past a table and look for an envelope with our name on it. It wasn't even handed to us. We were treated with no dignity at all."

Vicky said that the workforce had accepted changes to conditions in order to increase productivity and to assist the company. "Under the 1995 Enterprise Bargaining Agreement (EBA) we took on multi-skilling. We were put into small groups of about four or five. They called it a multi-skilled team but what it meant to me was fewer people and more work. We had to know how to operate other workers' machines in the same team so we could cover for them if they were not there.

"They put 90 people off in 1998 due to a downturn in orders but when additional orders started coming in they didn't put more people on. We had to move around the factory onto other machines and cover for the sacked staff."

Ann Hamilton, a union delegate, said: "We were given the impression everything was fine. The management told us before Christmas that we were a little down on the projected budget in the three months to December but the company was still operating at a profit. When we attended the creditors meeting last Thursday it all came out. The management knew about the closure on December 6, but they still had local contractors working in the plant during the Christmas shutdown. The contractors were told they would be paid in cash but they haven't been paid. It is not just us that the company owes money to. They owe \$3.8 million to businesses around the town.

"We are so bitter, not just because the company went bust, but because they knew about it and didn't tell us. If we had known we wouldn't have spent up during the Christmas break. Now everyone is broke. We have done everything to keep this company going. In 1997 they asked us to agree to what they called a 'survival EBA' and again in 1998. We gave up a lot of conditions. Last year we settled for the small National Wage Case pay increase. Our last real pay rise was in 1996."



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