

# Australian unions end Tristar strike over workers' entitlements

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The Australian Industrial Relation Commission (IRC) and the trade unions last week rapidly wound up a potentially explosive strike involving 350 workers at the Sydney car components manufacturer Tristar over guarantees that their entitlements will be paid in the event of the company's bankruptcy.

The two-week dispute had not only led to widespread standdowns in the car industry but had been catapulted into the political limelight after federal Workplace Relations Minister Tony Abbott denounced the strike as "little short of industrial and economic treason" and accused the unions of committing "a crime against the national interest".

With a federal election just months away and the conservative Liberal-National Party government desperate for votes, Abbott no doubt felt the issue was an ideal opportunity to engage in some more anti-union sabre rattling. With large sections of the car industry idle as a result of the dispute and Prime Minister John Howard in Japan pleading with Mitsubishi over the future of its plant in Adelaide, it was a chance to kill two birds with one stone—blame the unions for any unfavourable outcome in Tokyo and once again highlight the Labor opposition's connections to the unions.

However, things did not quite work out as Abbott anticipated. Rather than picking up on the minister's anti-union attack, sections of the media took a different line. Advancing a position rarely seen in the pages of the capitalist press, an editorial in the Sydney *Sun-Herald* caned Abbott, stating that strikes sometimes involved "issues of principle". "The dispute at car parts manufacturer Tristar is one such case and Abbott should think very carefully before denouncing strikers as economic traitors," it continued. At the same time it warned the unions not to "escalate the strike to other companies" otherwise "they would find it hard to maintain the public sympathy they presently—and legitimately—enjoy on this issue".

The *Sun-Herald* has not, of course, crossed to the side of the working class. Its editorial reflects real concern within the ruling class over the consequences of Abbott's

provocative comments on an issue with the potential to spark widespread opposition. Many workers are concerned at the prospect of losing all their entitlements—long service, holiday and severance pay—if their company is bankrupted. Moreover there is a wider sense of outrage at the injustice of employees losing their money while the banks and wealthy, secured investors line up to receive their cash.

In a number of cases, owners have carried out looting operations. They have prepared closures by transferring the workforce to a nominal shelf company with no assets, making it all but impossible for workers to get their entitlements from the sale of assets. At the same time, management rakes off millions of dollars, even as the enterprise is going under, through share transactions and huge executive bonuses—all the while pleading with workers to make sacrifices, including pay cuts, to stave off bankruptcy.

Tristar workers were worried that they faced a similar scam after the Adelaide-based Arrowcrest Group (owned by GCF Investments) took over the Sydney plant of car component maker, TRW Steering and Suspension Australia, 18 months ago and renamed it Tristar. They learned that the previous insurance arrangement to cover over \$17 million in accrued entitlements had been discontinued and discovered from the company's financial statement to January 6 that it was carrying forward taxable losses of more than \$40 million.

As the dispute wore on, the IRC and the unions came under increasing pressure to quickly put a lid on it. Only one day before the final agreement emerged, IRC Commissioner Bob Redmond ended the bargaining period for the enterprise agreement at Tristar making the continuation of the strike illegal and threatening the workers and the unions involved with fines of \$10,000 each day the strike continued.

When the workers next day overwhelmingly rejected the return-to-work order, Redmond ordered the parties back into the commission to thrash out an agreement. While the deal has taken the issue off newspaper front pages and in effect handed a lifeline to Abbott and the government, it does not

resolve the issue of workers' entitlements, either at Tristar or more generally.

As part of the arrangement, the company agreed to take out a \$1.2 million insurance bond with National Australia Trustees or "another insurer" to cover the entitlements for just two years. It has also dropped its claim for an increase in casual labour at the plant from 8 percent to 20 percent of the workforce and abandoned threats to take legal action against the unions.

The unions—the Australian Manufacturing Workers Union (AMWU) and Australian Workers Union (AWU)—backed off their main demand that the company pay a 1.5 percent payroll levy to cover entitlements directly into Manusafe, a union-controlled fund. They also agreed to slash the original pay claim from 16 percent over two years to just 10 percent.

Only days before the settlement, AMWU national secretary Doug Cameron branded a company proposal that the workers part fund an insurance cover out of their pay rise to the tune of \$750 annually, as the "most bizarre thing I've heard in 20 years as a full time official". Despite Cameron's ridicule, however, the unions agreed to cut the figure for the pay rise amounts to achieve much the same thing—getting workers to pay to ensure they will receive money to which they should be legally entitled.

Moreover, the concession on Manusafe is also significant. Earlier, Cameron had placed a question mark over the insurance-based scheme saying that the union would continue the strike "to determine their [workers'] life savings and their entitlements are safe". His comment highlights the uncertainty that an insurance company will pay out workers' entitlements without long delays and other difficulties, especially if there are disputes over the legitimacy of the bankruptcy and the company's assets.

Moreover, as the recent collapse of the HIH insurance group—one of Australia's largest general insurers—demonstrates, insurance companies can fold up as well.

In the days after the Tristar settlement, the *Sydney Morning Herald* published a small "colour piece" expressing its gratitude to the trade unions for shutting down the damaging dispute. The newspaper's industrial reporter Brad Norrington wrote in glowing terms of Cameron for having "led exhausting lengthy negotiations behind closed doors with management" to get a settlement.

The extent of concern over the issue can be gauged by the long list of companies that have closed down and fleeced workers. Oakdale Colliery owed its workers \$6.3 million, National Textiles \$11 million, engineering companies Electruck and Steel Tank and Pipe \$4.3 million and mining contractor Colrok \$9 million. Before these, the telecommunications group Exicom closed its Sydney

operations, owing 1,000 sacked workers over \$17 million in entitlements.

The disputes at Oakdale in November 1999 and National Textiles in January 2000 provoked widespread discussion on the issue of unprotected entitlements. On both occasions, however, the trade unions backed off demands that the government legislate to force employers to place entitlements into trust funds and brokered expedient settlements to avoid any national campaign.

At National Textiles—controlled by Prime Minister Howard's brother Stan—the unions ended the dispute when the federal and New South Wales state governments used public funds to make up the \$6 million that was still owing to the sacked textile workers. The federal government also set up a national taxpayer-funded insurance scheme to cover other company collapses but the maximum payout was capped at \$10,000 per worker with tight restrictions imposed on applicants. In its first year of operation, the fund paid out just \$3.1 million to 1,650 workers.

According to AMWU officials, the settlement at Tristar will not affect its continuing campaign over workers' entitlements. Over 600 enterprise agreements at manufacturing companies across the country, including several at car component firms, are either up for negotiations or are due before the end of the year, including Onesteel, Electrolux, BHP, and Qantas. Munroe Australia, which produces shock absorbers, has already been hit by a 24-hour strike.

However, the character of the "campaign" can be seen by the manner in which the unions wound up the Tristar dispute—with a separate, inadequate deal. While Tristar was in the headlines, 400 workers at Maintrain, which is responsible for maintaining NSW passenger trains, were on strike over the same issue. Even though the main demand of the strikers was that Maintrain sign up to Manusafe, the AMWU kept the dispute tightly under wraps and ensured that it received little publicity.



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