

# Australia: Ajax workers facing loss of jobs and entitlements

Paul Bartizan, Terry Cook  
11 December 2006

Workers at Ajax Engineered Fasteners in the Melbourne suburb of Braeside are continuing a sit-in at the plant to guard against receivers removing stock, machinery and other assets from the site.

The 189 workers walked off the job on November 27 ahead of being stood down when Ajax's majority shareholder, Allen Capital Fund Services, called in receivers KordaMentha to liquidate the company to recoup \$4.5 million.

The move has shocked and angered workers. Not only do they stand to lose their jobs but also a large part of the \$12 million they are owed in entitlements. As a secured creditor, Allen Capital has first call on the proceeds of any asset sales.

From the outset, however, the unions have limited any industrial action. The sit-in at the plant's canteen was initiated only after the receivers gave permission. All other areas of the plant, including those containing machinery, equipment and stock, remain "out of bounds".

Ajax, which manufactures specially designed bolts, fasteners and other components used by General Motors Holden and Ford Australia, was placed in voluntary administration last August. Workers were led to believe that their jobs would be safe up until at least March 2007 under an agreement between the trade unions and the administrators.

The deal was based on a multi-million dollar "rescue package" underwritten by Ford, Holden and auto-parts supplier PBR. As soon as the receivers were called in, these companies ditched their financial commitment, rendering the agreement void.

When the deal was struck, Australian Workers Union (AWU) spokesman Cesar Melhem claimed the "rescue package" would "alleviate some of the hardships our members have been through" and promised "workers'

entitlements would be as good as secured". Ford and Holden, however, backed the arrangement as a means of ensuring a breathing space to build up stocks and seek alternate suppliers.

Holden claimed last week that if it had "not decided to source parts elsewhere then half of its 8,000 workers would have been stood down". Ford acknowledged it had enough parts to carry production through to its annual Christmas shutdown.

The unions and auto companies put together a similar "rescue package" to end a strike against layoffs at the three plants of component manufacturer Huon Corporation in July. The deal, which was hastily arranged after Ford threatened to stand down thousands of workers, gave the green light for the layoffs and also froze the payment of entitlements to those made redundant.

The unions have conducted no campaign to defend the jobs of workers at Ajax or any other section of the auto industry. Under conditions where auto production is increasingly globalised, the union leadership has functioned as a virtual arm of management, smoothing the way for jobs and conditions to be sacrificed to make the Australian industry "internationally competitive".

That is why the unions are now working to ensure another "orderly closure" at Ajax. The union "campaign" to defend Ajax workers has been kept as low-key and limited as possible to wear down workers to the point where they will accept any deal.

On December 7, the unions marched a small group of Ajax workers to the Holden plant some 15 kilometres away. No support was organised for the marchers, and only a union delegate met them at the Holden factory. A series of similar protests are planned, including outside Ford and Holden dealers.

Significantly, while failing to organise plant meetings

to support the Ajax workers, the unions did hold meetings at Ford plants and other workplaces across the state to drum up support for the Labor Party in last month's Victorian state elections.

The unions are holding out the false hope that Ajax workers can expect support from the state Labor government. But the Labor Party has repeatedly demonstrated its support for the state's major car producers. Along with the unions, the government is presently collaborating with Ford to slash 640 jobs from its Broadmeadows and Geelong plants.

Asked about his attitude to the Ajax dispute, Victorian Premier Steve Bracks told the media he would "work with the receiver to see what it is capable of in the ongoing transmission of business for Ajax". Simply put, he will rubberstamp whatever the receiver decides.

The trade unions have already signalled their willingness to accept a carve-up of Ajax. To date, the receivers have three "expressions of interest," including two from parties looking to buy Ajax's plant and equipment. Another from the Indian-based Uma group may continue a scaled-down operation.

AWU spokesman Melhem immediately declared his union "was very supportive" of the Uma bid, claiming the takeover "could mean up to 140 jobs saved". According to several workers, however, Uma, if it does take over, intends to run the plant with only 50 to 60 percent of the workforce, employed on a casual or contract basis.

Both Ford and Holden deny any responsibility for the Ajax collapse. However, the failure of Ajax and a host of other auto-parts makers is bound up with the drive of the major car companies to cut costs to maintain their position in the highly competitive world market.

Parts are increasingly sourced at the lowest possible cost, forcing manufacturers to continuously slash jobs and conditions in their own plants or to relocate production overseas. Describing the process on the Australian Broadcasting Corporation's (ABC) "7.30 Report" in August, industry analyst John Mellor explained: "The car companies today insist on the parts manufacturers dropping prices by 5, 6 percent a year, year after year after year, and there's a limit to how far you can go."

Any genuine struggle to defend jobs must necessarily challenge the prerogatives of the major corporations

and turn to other sections of the industry in Australia and internationally facing exactly the same relentless processes.



To contact the WSWs and the Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**