

Goodyear to shut down its last tyre plant in Australia

Peter Byrne
19 August 2008

In another blow to an area already blighted by high unemployment, the US-based Goodyear Tire and Rubber Company will shut down South Pacific Tyres (SPT) at the end of this year, destroying nearly 600 jobs. The factory, located in the northern Melbourne working class suburb of Somerton, is the company's last remaining manufacturing plant in Australia.

The closure is part of a global restructuring by Goodyear aimed at reducing what it terms areas of "high-cost manufacturing capacity" and ramping up production of "innovative, high-value-added tyres" to take advantage of worldwide demand and growth markets such as China, Russia and Brazil. The company will invest a total of \$US1 billion to develop production in Germany and lower wage countries, including Poland and China.

Goodyear will cut production by 25 million high-cost tyre units to save more than \$2 billion by 2009. Just before announcing the closure of its Australian operation, Goodyear/Dunlop in Amiens, northern France, announced it would axe 402 jobs from its 2,700-strong workforce from September, with 600 more to follow within months.

SPT chief executive Judith Swales claimed the Somerton plant "was no longer viable" and that operating costs were almost double Goodyear's international average, and six times higher than its lowest cost plant.

South Pacific Tyres was founded as a joint venture in 1987 between Goodyear and Pacific Dunlop, an Australian-based conglomerate that was renamed Ansell in 2002. In 2006 Goodyear bought out Ansell's share of the joint venture for \$US40 million.

Just seven years ago, SPT had three factories in Melbourne—Somerton was built in 1961 and significantly expanded in 1990, the plant in Footscray closed in December 2001 and the one in Thomastown closed in July 2002. Now, just two years after the buyout, the axe has been brought down on Somerton.

The fallout from the closure will go far beyond the

immediate 600 job losses. According to the National Union of Workers (NUW), another 2,000 more jobs at 130 supply companies connected to the Somerton plant could be lost.

While SPT says workers will receive their full entitlement, including four weeks for every year of service, plus an extra \$5,000 payment, this will be rapidly eaten up by soaring prices for food, fuel, transport, housing and rent. At the same time, the displaced Somerton workers, whose average age is 45, will find it difficult to find jobs with equivalent pay and working conditions.

Whole suburbs around Somerton that once were centres of manufacturing have been transformed into virtual industrial wastelands over the past 15 years as major companies have closed or downsized their plants. Kodak, Yakka, Kraft, Nestle and car parts manufacturer Autoliv have all closed down at the cost of thousands of jobs, while Ford Australia has carried out continuous layoffs, including cutting 1,850 jobs from its plants in Broadmeadows and Geelong over the past 18 months.

The official unemployment rate across Melbourne's northern suburbs, which include the large working class area of Broadmeadows, is far higher than the national average of 4.3 percent. In 2006, when Ford laid-off over 600 workers, the unemployment rate in Broadmeadows was 15.7 percent, triple the then national average of 5.2 percent.

The closure of Somerton is a damning indictment of the trade unions, which have consistently overseen the wholesale destruction of jobs and working conditions in order to help drive up productivity. SPT workers were told it was necessary to accept attacks on conditions to make the plant competitive, ensure the company's viability and guarantee long-term job security.

The unions also accepted a series of wage cuts. Long-time SPT worker John Valenzuela told the *World*

Socialist Web Site: “In 2000-2001 there was no pay rise. In 2002 it was only a half a percent. When I first started, the wages were 15 to 20 percent higher at SPT than at other factories, but now the wages are lower than other companies.”

When workers have resisted these attacks they have been met with a combined operation by the management and unions. In 1988, SPT workers waged a bitter struggle against the scrapping of the eight-hour working day and the introduction of 12-hour shifts. The Australian Council of Trade Unions (ACTU), the country’s national peak union body, sabotaged the fight. During the dispute, ACTU and NUW officials assisted the police in escorting strike-breakers across picket lines.

The betrayal of the SPT workers’ dispute was part of the wider 13-year assault carried out under the Hawke-Keating Labor government from 1983 to bring about a fundamental restructuring of conditions in the workplace under the banner of making Australian-based industry “internationally competitive”. The attacks were implemented with the full collaboration of the unions under a series of Labor-ACTU accords.

After the defeat of the Keating government in 1996 the unions, looking to maintain their place as labour brokers and industrial policemen, continued to pursue their pro-business agenda under the Howard Liberal-National Party Coalition government. This included closing down all opposition to Howard’s first raft of industrial relations laws.

The introduction of 12-hour shifts at SPT saw total working days at the Somerton plant increase from 210 to 320 and output per worker leap by 20 percent. Working conditions at Somerton became a benchmark for attacks across the automotive industry. In 1989 there were 8,825 tyre workers employed nationally but by 1993 the number had dropped to 6,202. With the Somerton closure, only 600 tyre workers will remain at Bridgestone’s factory in South Australia, which will be the country’s sole tyre manufacturing plant.

As in the past, the unions are working hand in glove with the company to ensure an “orderly closure”. Not one of the three unions covering SPT workers—the NUW, the Australian Manufacturing Workers Union (AMWU) or the Electrical Trades Union (ETU)—has announced a campaign to defend jobs.

Instead, the unions have joined with SPT in an exercise designed to hose down any opposition by offering to “assist” workers to find employment. The fraudulent nature of the exercise was underlined when a union

spokesman declared: “It’s going to be a very difficult process for members to get high-paying jobs, highly skilled jobs”. He added: “We’re under no illusions.”

Expressing appreciation for the services rendered by the unions to the company, past and present, CEO Swales declared: “South Pacific Tyres respects the role of various unions in representing its workforce and will engage and collaborate with associates and their unions to ensure a smooth transition.” A “smooth transition” simply means the company is relying on the unions to herd workers out the door with the least possible amount of trouble.

The closure of the Somerton plant is part of the ongoing destruction of jobs and restructuring right across the auto industry. The announcement came as the Rudd Labor government was handed the findings of its car industry review, headed by former Victorian Premier Steve Bracks. When in office, Bracks oversaw the destruction of tens of thousands of manufacturing jobs, while boasting his government was the most business-friendly in the country.

The unions, the Victorian state government and local car manufacturers Holden, Toyota and Ford put in submissions to the review, urging the Rudd government to freeze the automotive tariff at its present 10 percent rather than cut it to 5 percent in 2010, and to increase assistance to the industry. Car companies are also pressing for greater subsidies, including an expansion of the Rudd government’s proposed \$500 million “green car” fund.

At the same time, unions have used the Somerton closure to press their demands for protectionism and handouts. An AMWU spokesman declared that “the decision (to close Somerton) demonstrates a worrying trend of companies taking their work offshore to places like China for cheaper unregulated labour”.

The government will consider its response to the Bracks review over the coming weeks. Whatever the outcome, it will not be based on defending the interests of workers, nor will it stop further plant closures. As in the past, whatever government assistance is handed to the industry, it will be absorbed into the companies’ bottom line while workers will be forced, with the collaboration of the unions, to accept further job losses, wage cuts and destruction of conditions.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact