

# Australian car components plant shut down

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A car components factory in Melbourne, Victoria has abruptly shut down, with its 126 workers stood down without pay from last Tuesday. APV Automotive Components went into receivership after claiming that it had insufficient funds to meet payroll and other operating costs.

The plant, in the northern suburb of Coburg, has been operating since 1946. APV makes fuel filters, rear suspension struts, and steel and fabricated parts for Toyota, Ford and General Motors Holden. The closure is the latest in a series of escalating attacks on car workers in Australia, in line with the sweeping restructuring of the international auto industry since the eruption of the global economic crisis in 2008.

Last year, APV claimed a \$2 million loss on revenue of \$18 million. The company has been frustrated by the opposition of its workers to a cost-cutting drive. The Australian Manufacturing Workers Union (AMWU) had agreed to a regressive new enterprise bargaining agreement (EBA). The union's deal with management involved a nominal wage rise of just 2.5 percent a year over three years, changes to rostered days off, and a halving of redundancy payouts, from four weeks wages for every year worked to just two weeks. This latter concession was clearly designed to pave way for significant jobs cuts.

Workers, however, rejected the proposed agreement in three separate ballots. The plant shutdown is aimed at bludgeoning workers into accepting the union-backed measures.

Ford and Toyota reportedly have stockpiled sufficient components for a week of production, but may contribute funds to maintain limited operations at the APV plant to prevent supply chain problems. APV has

handed responsibility for the factory to corporate receivers, PPB Advisory. On Tuesday, PPB said it intended to convene "urgent discussions with customers, employees, the AMWU and suppliers to try to restructure the business with the objective of resuming operations as soon as possible."

The receivers indicated they wanted to cut 25 jobs immediately, and eliminate one of the two production shifts. This would greatly reduce the hours worked and wages received by the remaining workforce, and inevitably lead to further job losses.

Over recent years, the trade unions have presided over the destruction of hundreds of jobs at APV, and tens of thousands of jobs in the auto sector as a whole. After failing to push through an EBA to cut jobs, wages and conditions, the AMWU is now playing the central role, via the receivership process, in pressuring APV workers to make substantial concessions.

The union indignantly denied that it had hindered the company's restructuring plans and was to blame for the plant closure. Assistant state secretary of the AMWU's vehicle division, Paul Difelice, declared: "The union, receivers and the company are working together to find a solution, and we are confident that in time, an outcome that keeps the plant open can be reached."

There is widespread distrust among APV workers toward the union. One worker, who makes \$20 an hour, told the WSWs: "The union secretary said [at a meeting last Wednesday] that auto production was down all over the world, so you have to think about that, you have to help the company when it is down. But the union is supposed to work for us, not the company."

The worker explained that when he started at the plant 12 years ago, it employed more than 300 people. “The company has now asked us to reduce by 20 workers,” he said. “Five months ago, 12 workers were cut. Every month we have had two to three down days. Over the last year, 95 percent of the time we worked just four days per week. You had extra [unpaid] leave, you were forced to take this. The company said there was not enough work... I think the closure is very well planned.”

A former employee, Rohan, said: “I worked with the company for three and a half years, about five years ago... The machinery was very old, it was not very productive. It was Stone Age stuff. The supervision was very tough and 95 percent of the workers were migrants. There were injuries. I hurt my hand, that led to my departure... There were cordial relations between the union and management. Everyone knew the union was working with management.”

APV workers can only defend their jobs, wages, and conditions by mobilising independently of, and in opposition to, the AMWU. A rank-and-file committee should be formed that turns out for support to other workers—in the first instance the 60,000 workers in the car and car components sector, including their fellow APV workers at the company’s newer plant that remains operational in the nearby suburb of Campbellfield.

An industrial struggle in defence of jobs and conditions means a direct political confrontation with the Labor government of Prime Minister Julia Gillard. The government is actively restructuring the Australian car industry, working with corporate executives and trade union leaders to make it “internationally competitive.” This means eliminating “excess” productive capacity, destroying tens of thousands more jobs, slashing wages and gutting conditions. New global benchmarks have been established, both in the low-wage manufacturing platforms of Asia and in the US, where car workers now make as little as \$14 an hour, following the Obama administration’s reshaping of General Motors.

None of the Gillard government’s subsidies to the car

industry are aimed at saving jobs, as the unions claim. Funding is explicitly tied to ongoing restructuring, centrally aimed at eliminating jobs. APV’s parent company, Australian Performance Vehicles, last year received \$4.5 million from the federal government, and another \$500,000 from the Victorian state government. In keeping with these measures, Greg Combet, the federal minister for industry and innovation, endorsed APV’s plant closure, telling the *Australian Financial Review* that “decisions on the financial viability of individual firms are commercial matters for the relevant executives and shareholders.”



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