

Australia: GM foreshadows job cuts after government bailout

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Soon after receiving a \$275 million handout from federal and state governments last month, car maker General Motors Holden (GMH) confirmed that it would slash jobs at its Elizabeth assembly plant in Adelaide, South Australia.

On top of 200 positions axed earlier this year by GMH, future cuts could see as many as 500 workers culled from the Elizabeth plant's 2,400-strong workforce, including the loss of 300 contract positions created for increased production of the Cruze model.

Since 2006, GMH has eliminated over 1,500 jobs. During the same period, an estimated 10,000 positions have been axed from local car and parts manufacturing—including at Ford, Toyota and Mitsubishi. This week, Toyota sacked another 350 workers, implementing retrenchments that the federal Labor government endorsed when they were initially foreshadowed in January.

Under a "coinvestment" deal with GMH, announced by Prime Minister Julia Gillard on March 22, the company will receive \$215 million from the federal government, \$50 million from the South Australian state government and \$10 million from the Victorian government. In return, the company agreed to invest \$1 billion in the Elizabeth plant and maintain some car production in Australia until 2022.

A GMH spokesperson admitted at the end of last month that the company had presented the South Australian government with a "worst-case" plan that included job cuts through "natural attrition" or non-renewal of labour contracts. She said forced redundancies were also possible, while refusing to disclose how many jobs were targeted, claiming it was "commercial-in-confidence information."

GMH managing director Mike Devereux confirmed that the predicted job loss figures had been given to the Gillard government and South Australia's Labor Premier

Jay Weatherill.

These admissions puncture the federal government's claims that the funding package will "underpin jobs." Like the Gillard government's \$34 million assistance package to Ford Australia in January and last year's \$100 million handout to BlueScope Steel, which axed over 1,400 jobs, the GMH deal is intended to facilitate further restructuring and job destruction, in collaboration with the trade unions.

The Labor government also insisted that GMH's pledge to produce two new export models would assist Australian car component producers access "global platforms and supply chains" and secure jobs across the sector.

On March 29, however, the *Australian Financial Review* reported that the Holden deal would "lead to a smaller local supply chain footprint." The *Adelaide Advertiser* revealed that the "coinvestment" agreement required component makers supplying GMH to cut their prices by 4 percent every year.

In an indication of the pressure on Australian parts makers, the Melbourne-based APV Automotive Components, which supplies GMH and Toyota, was placed in receivership last week, threatening 126 jobs.

Gillard defended its car industry assistance from criticism within some financial and corporate circles by pointing to broader strategic considerations for Australian capitalism. She insisted that the GMH package would "boost our economy, foster innovation, build new business opportunities and promote adoption of new fuel-saving and safety technologies."

Likewise, when the Ford handout was announced in January, Kim Carr, then manufacturing industry minister, claimed that maintaining a skills base in car production was necessary for other industries, including instrument making, aluminium, glass and military production.

The GMH deal was hailed by the car industry trade

unions, which entirely agree with the Gillard government's pro-business restructuring program, and whose primary concern is to ensure that they maintain their positions as labour brokers and industrial policemen. Australian Manufacturing Workers Union (AMWU) acting national secretary Paul Bastian claimed the agreement "was great news for Holden workers" and would "provide some certainty and security for a key sector of our manufacturing industry."

Bastian's claim of job security is bogus. The deal is predicated on the unions assisting the company to further restructure its operations and squeeze greater output from the remaining GMH workforce. Late last month, Labor's industry minister, Greg Combet, said pay rises being negotiated at GMH in a new enterprise agreement were linked to "efficiency benchmarks."

Federal Chamber of Automotive Industries CEO Ian Chalmers, the employers' spokesman, made clear early this month that car workers globally were being played off against each other. Australian-based car-makers, he said, were not just competing against other international companies, "but often with other branches of their own company elsewhere in the world." The Gillard government's assistance package, he said, meant that GMH management "has been successful in putting their case to General Motors' head office in Detroit."

GM's downsizing in Australia is part of a wave of international job destruction. In North America, GM has axed over 40,000 positions. Mass sackings are planned at GM's Opel plants in Europe and its British sibling Vauxhall. The Opel downsizing came after the unions committed to cut labour costs by €265 million (\$352 million) annually over the next five years—including €177 million from its German workforce.

Labor's multi-million dollar handout to the company is part and parcel of this global cost cutting operation, at the expense of car workers around the world.



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