

Ford Australia imposes production shutdown

Peter Byrne
1 May 2012

Ford Australia last Thursday announced it was standing down 1,800 workers, with production shut down until tomorrow, due to a shortage of car parts.

A small car component manufacturer, CMI Industrial, had earlier ceased production of suspension and other parts for Ford after the factory's landlord locked the gates, reportedly demanding more than \$100,000 in unpaid rent.

Ford operates the "just in time" system where supplies of parts are kept to a bare minimum, sometimes equivalent to just a few hours of production, in order to minimise costs. The company's stand down has affected 900 workers at its plant in the Melbourne suburb of Broadmeadows and another 900 in its engine manufacturing plant at the regional Victorian city of Geelong.

The workers will only be paid half time for the shut down on Friday and Tuesday. Ford claimed that two days had already been scheduled as down days, but they had been brought forward with the CMI supply breakdown. Monday was already planned as a scheduled rostered day off.

About 80 CMI Industrial workers at its plant in the northern Melbourne suburb of Campbellfield had been shut out from April 20 after they found the gate locks changed by the landlord. Workers arrived at the plant every morning afterwards, not knowing if production would resume and they would be allowed in. Some of the workers had already been working a reduced four-day week for the last three years.

CMI is the latest in a long list of failed Australian car component companies. Earlier this month, also in Melbourne, APV Automotive Components went into

receivership after reporting insufficient funds to pay wages and other costs.

Last Thursday, administrators were appointed to CMI Industrial's national operations and receivers to its Victorian division. CMI is a Brisbane-based manufacturer with around 440 employees nationally. Its business involves metals forging, machining, pressing, casting and wire forming and plastics component manufacturing. It distributes in the US and also has a spring manufacturing division in New Zealand. The administrators immediately sacked 17 employees at its rural Victorian plants in Ballarat and Horsham.

The future for CMI appears bleak, despite an arrangement reached in collaboration with Ford to resume production over the weekend.

The car companies began the process of spinning off component manufacture in the 1980s. Their tenuous relationship with their components suppliers was detailed in an article by James Thomson on *Business Spectator*. "On the one hand the car makers need to keep reducing their costs and they are famous for pushing 'cost downs' onto their suppliers—edicts that say, quite simply, you need the price of your components down by 5 percent or 10 percent," he explained. "But as the collapse of CMI, APV and a host of other suppliers show, the components sector simply doesn't have much fat left. Indeed, big sections of the car parts community appear to be near breaking point. That creates a real problem for the car makers. Once upon a time, they could find alternative suppliers if one went under. Today, that's just not possible—hence why a giant like Ford needs to scramble to keep a minnow like CMI on life support."

The Australian Manufacturing Workers Union

(AMWU), which covers the CMI workers and most of those at Ford, has worked hand in hand with corporate management and receivers to enforce the production shut down at Ford and deliver the demanded restructuring at CMI. The AMWU previously oversaw the imposition of 880 job cuts at Ford in 2008 and another 240 in 2010. Last year the union also imposed a substantial real wage cut, ramming through a regressive three-year enterprise bargaining agreement despite significant opposition among the Ford workforce.

Car workers throughout the industry confront a joint enemy in the trade union bureaucracy, corporate management, and Labor government of Prime Minister Julia Gillard. They are consciously working together to restructure operations and slash costs at the expense of workers in order to make the industry “internationally competitive.”

Since the eruption of the 2008 financial crisis, the car industry has undergone sweeping global changes. Production continues to shift to low wage platforms in Asia and Latin America, while within the US, the Obama administration has enforced the slashing of wages in half for new auto workers, to as low as \$14 an hour.

These are the new benchmarks for the Australian car industry, which is now in a state of crisis. The manufacturing operations of the three remaining transnational corporations in Australia—Ford, General Motors Holden, and Toyota—have been sharply wound back in recent years. Two weeks ago Toyota ruthlessly imposed compulsory redundancies on 350 workers after declaring that its one-third reduction in output was a “permanent condition.”

Ford faces the same pressures. It was the leading car seller in Australia 15 years ago, but is now in fifth place.

The latest shut down at Ford and failure of CMI is a harbinger of further attacks on jobs and wages throughout the auto and manufacturing sectors.

Like their counterparts internationally, Australian car workers can defend themselves only by breaking out of

the trade union straitjacket and building their own independent organisations, including rank-and-file committees, and turning out to other sections of the working class that are bearing the brunt of the Labor government’s restructuring agenda.

This in turn requires the adoption of a new political strategy—the fight for a workers’ government to implement socialist policies, including the nationalisation of the banks and major corporations, including the auto giants, under the democratic control of the working class.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact