

Job cuts deepen throughout Australian auto industry

Terry Cook
6 November 2012

The wave of layoffs hitting auto workers worldwide intensified in Australia last week, when General Motors cut 170 jobs at its Elizabeth plant in Adelaide, just months after suspending one shift. A car parts manufacturer, Autodom, also collapsed, threatening the jobs of its more than 400 workers.

GM's cuts will reduce the company's Australian workforce to just 2,000, down from 3,050 in 2007. Production at the Elizabeth plant has been cut from 620 a day to 400 over the same period.

The company blamed falling local demand for its vehicles and the impact of the high Australian dollar on exports. However, the retrenchments are part of a global restructuring of the auto industry, which has accelerated since the financial crash erupted in 2008.

Car makers globally are shuttering plants, cutting thousands of jobs and severely paring back production costs. In the US, the auto giants, aided by the Obama administration and the trade unions, have imposed 50 percent pay cuts on new hires and slashed health and pension benefits.

Following the US benchmark, car makers in Europe such as PSA-Peugeot-Citroën, Fiat, Ford and GM subsidiaries, Opel and Vauxhall, have carried out similar measures while closing plants and shedding jobs. This week, GM announced massive job cuts in Europe, including the closure of its Opel plant in Bochum, Germany (see: "Germany: Opel auto plant on brink of closure").

Only two weeks ago, Ford announced the closure of three of its plants—at Genk in Belgium, and Dagenham and Southampton in the UK (see: "Ford Europe plant closures threaten thousands of jobs").

In Australia, car production has plunged by almost 50 percent since 2004. This year, the three remaining car makers, GM, Ford and Toyota, have deepened their

cost-cutting, backed by the Labor government and the car unions.

In February, GM axed 100 jobs, while Toyota cut another 350. In July, Ford announced it would cut 440 jobs and flagged a possible end to Australian-based production after 2016. Since 2009, GM and Ford have imposed periodic short-time working and production shut downs.

Ford and GM have undertaken their latest job cuts after being handed multi-million dollar subsidies earlier this year. Prime Minister Julia Gillard claimed the handouts—\$34 million to Ford and \$215 million to GM—were necessary to protect jobs. In reality, the assistance was premised on continued restructuring at the expense of workers' jobs and conditions. Since 2008, the federal and state governments have allocated more than \$3 billion to subsidise the three car producers, which has only assisted them to boost profits, scale back production and prepare to exit the country altogether.

Clearly informed in advance, Workplace Relations Minister Greg Combet immediately defended the latest GM sackings and provided the rationale for further cuts, declaring: "Employment levels at Holden's operations will depend on a raft of factors over coming years."

Likewise, Australian Workers Union (AWU) South Australian secretary Wayne Hanson signalled that the union was working closely with the company to facilitate the job destruction, saying the AWU had negotiated generous "redundancy packages." For years, the trade unions have worked hand-in-glove with the car makers and governments to impose "orderly" retrenchments and closures of auto plants.

The wider flow-on effect throughout the auto parts industry was underscored last week when Autodom

went into administration after suddenly shutting down plants run by its subsidiaries, aiAutomotive Products in South Australia and DAIR in Victoria, and standing down over 400 workers without warning.

The company manufactures metal pressings, sub-assemblies, hinges and other metal parts for Ford, GM and Toyota, as well as companies in the US, China, Brazil and the Middle East.

To avoid disruption to their own operations, Ford and GM yesterday struck a deal with Autodom's main secured lender, the National Australia Bank, to keep Autodom running until a restructuring plan was implemented. No doubt, that plan will involve deep cuts to jobs and working conditions.

Already this year, the auto parts sector has been hard hit by the shutting of three Victorian plants by CMI Industrial at the cost of 120 jobs, following the slashing of jobs by APV, Bosch and Autoliv.

The abrupt stand downs at Autodom amounted to a lockout, in line with the offensive launched by major employers, backed by the Gillard government, to drive through far-reaching restructuring. Last year, Qantas grounded its entire fleet and threatened a company-wide lockout.

The unions have already indicated they will assist Autodom and the car makers to slash costs. The AWU and the Australian Manufacturing Workers Union (AMWU) called for the auto companies to use their services to achieve their requirements. The AWU's Wayne Hanson told the media: "Had management taken the opportunity to consult with unions, it would have been handled much better."

Over the past few days, the unions have been heavily involved in backroom discussions with company, banks and government officials. Administrators from Macks Advisory told the *Australian Financial Review* they were talking to "key players" in the auto industry, including the unions and the government, to assess options.

Together with the trade unions, the Gillard government has already facilitated Autodom's restructuring agenda. In August, Workplace Relations Minister Shorten intervened to end a four-day strike at DAIR, pushing the dispute into Labor's Fair Work Australia (FWA) tribunal for a settlement.

As a result, the car unions not only accepted a deal that included capping redundancy payments—precisely

what DAIR had demanded—but effectively gave the go-ahead for retrenchments. AMWU assistant secretary Leigh Diehm said the agreement would "cover off on the vast majority of redundancy entitlements" over the coming three years (see: "Australian government intervenes to shut down DAIR strike").

Car and auto parts workers in Australia are facing a stepped-up offensive against their jobs and conditions that is fully supported by the Labor government and enforced by the unions. To counter this, car workers must develop new organisations of struggle, entirely independent of the unions, that will turn out to other workers in Australia and globally confronting similar attacks. This means a political fight against the Labor government, as well as the auto giants, based on a socialist and internationalist perspective.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact