Australia: Toyota exploits GM shutdown to bolster wage-cutting drive

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Toyota Australia is using this week's announcement by General Motors that it is shutting down its Australian subsidiary, Holden, to step up its cost-cutting drive against its own workforce. The assault on vehicle workers in Australia is an integral part of the far-reaching plans of the global auto giants to restructure their operations around the world in order to slash costs and boost profits.

Toyota sought to have about 3,000 workers at its Altona plant in Melbourne vote yesterday on a revised enterprise bargaining agreement (EBA) that strips away existing overtime and allowance wage benefits, as well as other workplace protections. The Australian Manufacturing Workers Union (AMWU) blocked the vote from proceeding by taking the issue to the Federal Court. A judge ruled Thursday that Toyota violated industrial relations legislation by seeking a vote on an alternative agreement, without first seeking approval to change the current agreement. The court said the company must abide by a "two step" process.

The ruling has only delayed, not halted, the offensive against Toyota workers' wages and conditions that is being jointly waged by the company, the federal government and the trade union bureaucracy. Company CEO Max Yasuda insists that senior executives in Tokyo will only approve further investment at the Altona plant, necessary to maintain production of the Camry model, if production costs are slashed by $3,800 per vehicle. Toyota could follow Ford and GM in shutting production in Australia altogether.

Under the proposed agreement, overtime payments for Sunday work are to be reduced from double time and a half of the base hourly wage to double time, and a series of allowances will be abolished, such as the $0.71 an hour respiratory allowance paid to paint shop workers, and the "dirt money" allowance for "performing work that is usually dirty or offensive." For maintenance workers, the agreement eliminates the eight-hour day and includes Saturday shifts as part of ordinary hours of work.

In addition, there is a fast-tracked disciplinary procedure, various measures extending production time without equivalent wage increases, and a clause allowing a potentially unlimited number of "trainees" to be hired on six-month contracts for up to three years, with their weekly wage cut from $850 to $814.

The AMWU's court action against the proposed EBA had nothing to do with defending the Toyota workforce. The union's only concern was that aspects of the proposed agreement threatened to undermine its position in the industry. One clause cut the days made available for some union representatives to receive training from 10 to 2. Another provision removed a requirement for the company to submit monthly reports to the union on the breakdown of permanent, casual, and contract labour being employed.

The AMWU has a long record at Toyota, as it has throughout the Australian car industry, of collaborating with company executives and government officials against the interests of ordinary workers.

The union's fear is that Toyota executives are not utilising its services to impose the wage-cutting. The *Australian Financial Review* yesterday reported that the AMWU "criticised the company for not following Holden's more co-operative approach to cutting wages and conditions." This "co-operative" approach saw General Motors Holden first propose a blanket $200 a week wage cut for its production workers in Elizabeth, South Australia, but then allow the AMWU to draft an alternative agreement that delivered the same savings for the company via other mechanisms, such as reducing overtime wage rates and break times.

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Speaking outside the Federal Court after the proposed Toyota agreement was blocked, AMWU assistant national secretary Wayne Butler declared: “Toyota took a very, very different view [than Holden], which was to crash or crash through. They have failed on that today.”

The union bureaucracy is also acutely conscious of the difficulty it faces in gaining approval for a Holden-style agreement at Toyota, when the workers at Altona have now seen their counterparts at Holden’s Elizabeth plant agree to give up basic workplace protections, only to see the company announce a shut down anyway. Moreover, the AMWU encountered problems ramming through the last EBA at Toyota, which cut real wages and was approved by just 55 percent of the workforce in November 2011. (See: “Union imposes real wage cut on Australian Toyota workers”)

Toyota workers who spoke with *World Socialist Web Site* reporters yesterday expressed blanket opposition to the latest wage cutting agreement demanded by the company.

“Everyone would have voted ‘no’,” one worker explained. “Everybody is happy about the court decision. Management tries to pressure the workforce, talking about globalisation. But at the same time, you have to understand living standards in Australia. In the US, it is $14 an hour, and I heard the minimum wage is $7 an hour. In Australia you couldn’t do anything on that—everything is expensive. You work overtime to cover your daily expenses. Under the new rules, if they were to succeed, you couldn’t do this.

“As for the union, I heard the senior shop steward had finished and taken a package. Some of them have very good relationships with management. They are not even protecting you, but working for management. I don’t trust anyone.”

Another worker said: “The proposed agreement is a big disappointment, because it is like the company is harassing us. They want to be able to sack us more easily—in the car industry, if you are on the line you have to work as quickly as you can for production, or you face disciplinary action. Especially in some departments, all the management are watching you, they want to push everybody.”

One employee who has been with Toyota for 25 years explained that the proposed elimination of overtime payments would see some workers, especially married couples, unable to maintain their mortgage payments. “I don’t agree with the changes,” he said, “it’s a contract, this is a basic, fundamental law of the land. No one can change it. If we agree now, the next agreement will be even worse for us.”

The Federal Court ruling will only see the AMWU play a more central role in the offensive against Toyota workers. Australian Industry Group chief Innes Willox declared that cutting labour costs was critical to ensuring Toyota did not follow Ford and Holden in shutting down production. “The key will be concessions from the unions over conditions and pay,” he told the *Herald Sun* .

The Liberal-National government is an active participant in the attack on Toyota workers. Employment Minister Eric Abetz said he was “disappointed” by the Federal Court ruling and “concerned by reports that the unions are opposing outright the proposed changes to the enterprise agreement.” He warned Toyota workers not to “price” themselves out of their jobs.

These statements underscore the reality that the wage-cutting agenda in the Altona plant forms part of a wider government-corporate-union restructuring drive aimed at boosting company profits by slashing the living conditions of workers throughout the economy, not just in the auto sector.

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