

# Australian fruit cannery sacks workers, threatens closure

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9 January 2014

Immediately after returning from their Christmas break, 73 maintenance workers at SPC Ardmona's fruit cannery in regional Victoria were told they will be sacked in May and replaced by contract labourers. The layoffs come amid ongoing threats by Coca-Cola Amatil that it will shut down operations at the plant unless the federal and Victorian governments provide additional subsidies and the workforce accepts cuts to wages and conditions.

About 1,000 workers are employed in the SPC factory, which has been operating for nearly 100 years in Shepparton, north-east Victoria. The facility's closure would devastate the town, which has a population of just over 60,000 and which already has a high official unemployment rate of 8.6 percent. It has been estimated that the rate would increase to more than 12 percent with a production shutdown, with 6–7 jobs lost for every position axed at the plant. Fruit farmers throughout the region would be hard hit. Already, restructuring and cost cutting operations at the cannery have seen dozens of farmers lose supply contracts, causing hundreds of thousands of fruit trees to be ripped up and destroyed.

Coca-Cola Amatil (CCA), one of Australia's top 30 listed companies, acquired SPC Ardmona for \$500 million in 2005. The takeover formed part of CCA's strategy of diversifying away from soft drinks to include other products. In the last eight years, however, losses at SPC Ardmona have triggered significant write downs. For the year to December 2012, CCA had a 22 percent fall in net profit to \$460 million, after a \$98.5 million write down in its SPC Ardmona operation. Lower profits at the cannery played a part in Coca-Cola Amatil reporting a 6.9 percent fall in half-year earnings.

Outgoing CCA chief Terry Davis last year described the 2005 buy out as a "mistake" that "taught us not to buy any more food assets". Executives blamed the high Australian dollar for declining exports and lost domestic market share to cheaper imports.

SPC Ardmona has pledged to inject \$90 million to upgrade its Shepparton factory and create new products, but only if it receives \$50 million in subsidies from the state and federal governments.

The Liberal-National government of Tony Abbott is due to make a decision later this month. There are sharp divisions within the government over how to proceed, mirroring the debate over whether further subsidies should be provided to try to preserve some form of car production in Australia. Those in favour of providing money to SPC include the National Party, the Liberals' junior coalition partner, industry minister Ian Macfarlane, and Liberal Shepparton MP Sharman Stone. The Liberal Party's powerful "free market" faction, backed by the Murdoch and financial press, are adamantly opposed to any government funding.

Every wing of the ruling elite is united, however, behind the drive to impose sharp cuts to SPC workers' wages and conditions.

The media has waged a campaign in recent weeks, falsely portraying the workers as privileged and overpaid. The government has reportedly placed "strict guidelines, including for productivity improvements" as a condition for any subsidy. The latest layoffs are aimed at meeting these conditions. CCA issued a statement: "As a part of the labour productivity review, 73 employees in the maintenance and trade function at SPC Ardmona are to be made redundant."

Any subsidy provided by the Coalition government will not protect jobs. Rather, the money will be used to help implement the next restructuring plan to try to ensure "international competitiveness." If the company decides anyway that this is not viable, the plant will be shut down and the Shepparton area devastated.

The trade unions are playing the crucial role as accomplices of the company executives and government officials, against the SPC workers. They have already set

the precedent for the current wage- and job-cutting drive. In 1990, the cannery was losing money and the unions responded by helping push through a series of sweeping concessions, including the elimination of weekend overtime rates and rostered days off.

The latest company-declared crisis has seen the unions again step forward to promote their determination to boost profits at the workers' expense.

The Electrical Trades Union last month issued a revealing press release to insist that a statement by industry minister Ian Macfarlane referring to a 35-hour week at SPC was "wrong." Instead, the union explained, there was a 36.5-hour week for maintenance workers, negotiated at the same time as the union implemented an enterprise bargaining agreement that saw wage rises of just 2 percent a year, a real pay cut, and half of the "annual wage increases of 4 percent a year that was initially offered by the company." Moreover, the union statement explained, "until the external problems have passed" it has made "the unprecedented offer of seeking no wage increase for the first year of the new enterprise agreement."

The Labor Party is similarly united behind the offensive against the SPC workers. Former Labor government industry minister and ex-union chief Greg Combet has been appointed to an advisory panel on the cannery by the Abbott government. According to the *Australian*, Combet is responsible for working with the unions to implement "changes to work practices that will boost productivity gains."

The unions have imposed a series of "orderly closures" of plants in the food processing sector, which like other areas of manufacturing has been at the forefront of the corporate elite's ongoing restructuring drive triggered by the 2008 global financial crash. Heinz has cut one fifth of its Australian workforce, since shifting its operations to New Zealand, where wage rates are significantly lower. McCain Foods' vegetable processing plant in Tasmania cut 115 jobs, whilst 64 jobs were lost at National Foods' Berri juicing facility in South Australia. Confectionary makers Darrell Lea shed more than 600 jobs in 2012. Rosella shut down its operations last year, eliminating 100 positions in western Sydney.

Industry Minister Macfarlane has declared that the slashing of wages and conditions at SPC Ardmona would "provide a lead" for what remains of the food processing industry in Australia.

Like the crisis wracking the car industry in Australia, the food processing sector is being restructured by the

drive by transnational corporations to relocate their activities to whichever country provides the lowest wages to workers and most profitable environment for businesses. Coca-Cola Amatil operates in six countries, New Zealand, Indonesia, Papua New Guinea, Fiji and Samoa as well as Australia. The company operates nine manufacturing plants in Indonesia and plans to invest \$500 million over the next three years to further boost production and sales.

CCA executive Terry Davis, who earns more than \$7 million a year, last November told *Business Review Weekly*: "It's cheaper for me to produce a can of Coke in Indonesia than in Australia. That's because the wage rates, by definition, are so much lower." In an interview with the *Australian*, Davis added that in Australia he wanted "more flexible visas to bring in foreign workers who have basic skills and are willing to work for less." He declared: "Do we accept the fact that we have a high cost base, which includes labour costs, and get priced out of the market? Or do we need to look at ways to be more flexible when it comes to labour costs and our labour base?"

Against the joint efforts of the transnational corporations and the trade unions to pit workers in different countries against one another, in a never-ending drive to lower wages and tear up workplace protections, food processing workers in Australia and throughout the region need to unite and advance the fight to defend their common class interests.

This requires above all a complete break with the trade unions, the formation of new organisations of struggle, including rank and file committees at SPC and other plants, and a turn out to other sections of the working class facing similar attacks in Australia and internationally. Such a struggle has to be guided by the fight for a workers' government to implement socialist policies, including placing major corporations such as CCA under public ownership and the democratic control of the working class.



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