

# Jobs disaster looms in Australian car components industry

James Cogan  
18 February 2014

As many as 150 car components manufacturers and hundreds of other companies and small businesses will carry out major job cuts or shut down altogether as a result of the decision by Ford, General Motors Holden (GMH) and Toyota to end auto production in Australia. With workforces ranging from a few dozen to over 500, at least 44,000 car component jobs are under threat.

A group of Japanese companies that have operations in Australia almost solely to provide parts for the Toyota plant in Altona, Melbourne are expected to shut down when production ceases at the end of 2017.

**Denso**, a major transnational that manufactures various parts, including engine cooling systems, air conditioning, windscreen wipers and ignition systems, is among the largest. Its plant in Croydon, in Melbourne's outer eastern suburbs, employs over 400 people. **Aisin** has a facility employing 80 workers in Sunshine, in Melbourne's west. Its main business is the production and supply of door frames, hinges and latches for Toyota's Camry model.

**Toyota Boshoku** employs over 400 at its plant in Laverton North, not far from Altona. **Toyota Tsusho**, operating **Australian Fabric Laminators**, **TT Steel Centre**, **TT Logistics** and **TT Assembly**, produces and supplies various parts to Toyota from its workshops and warehouses, also located in Laverton.

Federation of Automotive Products Manufacturers executive director Richard Reilly told the journal *GoAuto*: "They're here because Toyota has some ownership or they have very strong relationships with Toyota as companies. They're only here because Toyota is here. If Toyota ceases manufacturing vehicles, I think that those multinationals will not be here for the long term either, because they won't have business here."

The situation in the car components industry, Reilly

said, was a "disaster."

**Bosch**, a major global components supplier, sacked 380 workers from its manufacturing plant in Clayton, Melbourne between 2011 and 2013 on the grounds that workers' wages and conditions were too high compared with its operations in Asia and North America. The jobs of the 120 workers at its plant who are still employed in auto-related production are under threat, along with over 100 engineers.

More than 300 jobs are threatened if **Hella**, another German-based auto parts company, ceases manufacturing car lights at its facility in Mentone, Melbourne.

The Australian-based car interior manufacturer **Futuris** employs over 600 workers at its factories in Edinburgh Park, South Australia, close to the GM Holden plant, and a factory in Campbellfield, Melbourne, near Ford Broadmeadows. It announced that it will shut both down when the car plants close. This week, CEO Mark de Wit warned that Futuris would also shut down its technical centre and sack over 110 engineers and designers, unless government research funding was maintained. Futuris has been steadily expanding its low-wage operations in Thailand and China, and has a facility on the US west coast.

**Hirotec**, which produces bonnets for GMH, announced it will close its plant in Edinburgh Park and sack its 300-strong workforce. Other companies with manufacturing plants in Adelaide, such as **Tenneco Automotive** (over 500 workers), **Toyoda Gosei** (300 workers) and **SMR Automotive** (400 workers), are likely to downsize.

**BlueScope Steel** is also likely to make job cuts. The company's recent submission to the Productivity Commission into the car industry noted that 20 percent of production carried out at its plant in Hastings,

Victoria was for vehicle manufacturing.

Dozens of small to medium companies are desperately seeking to diversify their business away from dependence on the car plants. Jim Griffin, the CEO of **Diver Consolidated Industries**, which employs 115 workers at its plant in Reservoir, in Melbourne's north, told the *Sydney Morning Herald* earlier this month that 70 percent of its business was supplying parts to Ford and GMH.

Luke Miller, the manager of **Centre Tooling** in Dandenong, in Melbourne's south, told the Australian Broadcasting Corporation that 30-40 percent of its business was with Toyota and 10-15 percent with GMH. The company produces headlights, brake lights and mirrors. Following the 2008 global financial crisis, it had already sacked half its workforce after the car plants shed jobs and cut back production. It now has just 18 employees.

Numbers of car components companies are likely to shut down long before the 2016-2017 schedule announced by Ford, GMH and Toyota for their assembly plant closures.

Stephen Longley, a partner with accounting firm PPB Advisory, told the ABC: "If I'm sitting there running a business and I know it needs working capital and I know that in the years to come or in 18 months I might be closing down, I'm probably less willing to put that working capital into the business because I'm probably not going to see it back. It may well be that people just throw their hands in the air and say this is all too hard."

The banks will also play their ruthless role in driving businesses into collapse. The banks' stringent cash flow requirements for small to medium businesses will send dozens into voluntary administration. Moreover, loan applications to finance efforts to find new sources of business are likely to be rejected out-of-hand as too risky.

PPB Advisory's Longley concluded: "I think there's a real juggling act that's going to go on to keep the supply chain alive so that the manufacturers can see to the end of where they've planned to manufacture—2016 for Ford and 2017 for Toyota and Holden. It may well be that those dates are brought forward if the supply chain crumbles."

The looming massacre of jobs underscores the need for the working class to break out of the straitjacket imposed by the trade unions. In every plant, the unions

are working with the companies and governments to impose the sackings, telling workers that there is no alternative and that the layoffs must be accepted. Throughout the car components industry, workers should form independent rank-and-file committees that establish contact with workers inside the car plants and begin preparations for a unified political and industrial struggle, based on a socialist perspective, against the threatened destruction of the jobs and livelihoods of hundreds of thousands of people.

*The author recommends :*

Australian car industry closure: A warning to workers internationally

[13 February 2014]



To contact the WSWs and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**