

Australian shipbuilding workers sacked in takeover deal

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The 130 workers still employed at ship builder Forgacs's Tomago and Hexham sites in Newcastle, north of Sydney, were unceremoniously dismissed last week and escorted from the premises after the finalisation of a \$A20.75 million takeover bid by engineering company Civmec.

Civmec, established in 2009, is a Western Australia (WA)-based company listed on the Singapore stock exchange, with its operations headquartered at an engineering plant in Henderson, south of Perth. The company contracts for construction services in a range of sectors, notably the oil and gas industry, and is looking to cash in on growing military spending, particularly on submarines and warships. The sale to Civmec includes Forgacs's heavy engineering workshop in Gladstone, Queensland.

Civmec's takeover of Forgacs ends 53 years of shipbuilding and ship repairs by the company in the Newcastle region. Forgacs progressively downsized its remaining 600-strong workforce last year as the construction of hull modules for the navy's Air Warfare Destroyer (AWD) project was completed.

When Forgacs won the AWD contract in 2009 it employed 900 people. Also last year, Forgacs withdrew from tendering to build six Sydney ferries for the New South Wales state government.

Announcing the completion of the takeover deal earlier this month, Civmec CEO Patrick Tallon described it as an "asset purchase." He declared: "At this time none of the employees are coming with the acquisition."

Forgacs chairman Peter Burgess claimed it was "an extremely hard decision for us to exit the 53-year-old firm." Nevertheless, the takeover will provide Forgacs shareholders a stake in Civmec, while the Forgacs workers are dumped onto an ever-tightening jobs

market.

Forgacs deliberately kept its employees in the dark until the very last minute about the terms of the acquisition agreement, which entered the due diligence process last November. In fact, both Forgacs and Civmec agreed not to make the details of the deal known, declaring them to be "commercially sensitive."

Following last week's sackings, Australian Manufacturing Workers Union (AMWU) state secretary Tim Ayres stated: "The first that employees found out about this was when they were brought to meetings, given estimations about redundancy payments and marched off the job."

In reality, the union knew that the company would not retain the current workforce but did not alert its members and had no intention of fighting to defend jobs. In early December, Civmec CEO Tallon publicly stated that once the deal was completed, "we will make offers of employment to selected staff on an individual basis."

The AMWU worked to blind its members to the likely consequences of the Civmec acquisition. Last November, Ayres told the media he was confident the acquisition would lead to the creation of more jobs. He heralded it as a "sign of confidence in the capacity of Australian shipbuilding."

The union's response is in line with its role since the job cuts began at Forgacs at the end of 2014 and continued throughout last year. From the outset, the AMWU sought to prevent any fight by workers to defend the jobs, restricting its members to limited protests tied to futile appeals to the federal government and local politicians to "rescue" the industry.

As the remaining workers were being bundled off the premises at Tomago and Hexham last week, the AMWU did not call a single meeting of its members

across the Newcastle-Hunter Valley region to even discuss, let alone oppose, the sackings.

Instead, the union is working to ensure the “orderly” shuttering of the Tomago and Hexham facilities. This is part of the transformation of the 17-hectare, purpose-built Tomago shipbuilding site into what Civmec terms a “multi-disciplinary facility” that will “replicate Civmec’s flagship operations at Henderson, Western Australia.”

Civmec’s takeover of Forgacs not only eliminates a substantial competitor in the engineering field. It is one of Civmec’s preparations to win tenders for the Australian government’s next fleet submarine contract and other large military projects.

Last November, Civmec said the “exciting” takeover would allow it to “acquire in-house submarine building and technical expertise” and “a long established foothold in the defence shipbuilding industry.”

Promoting the takeover, Forgacs chairman Burgess emphasised that Forgacs had “grown its naval involvement progressively, undertaking major naval programs including the conversion of HMAS Manoora and HMAS Kanimbla into Amphibious Helicopter support ships; hull modules for the ANZAC frigates and most recently the AWD program.”

Forgacs was also involved in building hull sections for the navy’s Collins class submarines during the late 1980s. In December, Civmec announced it had teamed-up with the German bidder for the submarine contract, ThyssenKrupp Marine Systems Australia, to construct several proto-type submarine hull sections to demonstrate its engineering capacities as part of its bid.

The sackings at Forgacs and the takeover are part of a ruthless restructuring across the manufacturing sector, both in Australia and internationally, as companies slash costs in a drive to secure market shares. With the Australian government already committed to \$89 billion worth of defence projects over the next 20 years, the competition for military contracts is particularly fierce.

Major shipbuilding companies, such as the state-owned ASC in South Australia, BAE Systems in Victoria and Austral in WA, eliminated hundreds of jobs last year. ASC slashed 820 positions between November 2014 and October 2015. In April last year, Austral cut 300 jobs, or half its workforce.

Over the past decade, tens of thousands of

manufacturing jobs have been axed and workers’ conditions have been systematically reduced. The trade unions, working with both Liberal-National and Labor governments have supported the restructuring drive, including by enforcing industrial laws to straitjacket workers and suppress opposition.

The dog-eat-dog fight for military contracts will undoubtedly involve ever-greater cuts to jobs and conditions as companies seek to make competitive tender bids while delivering high profit rates. As they have for decades, the unions will insist that workers must accept the cuts in order to make “their own” companies “globally competitive.”



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