

# Australian paper mill workers locked out as company moves to slash wages

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On June 22, 102 maintenance workers were locked out by Australian Paper management at a mill in Maryvale, regional Victoria.

After being escorted from the plant by security guards, the workers, who are members of the Australian Manufacturing Workers Union (AMWU), set up a picket. The company has told the workers the lock out will continue until July 10 or until maintenance workers could resolve their differences with the company satisfactorily.

Australian Paper is utilising the anti-worker lockout provisions of the Fair Work industrial regime that was established by the former Rudd-Gillard Labor governments in collaboration with the trade unions.

Management has said they will utilise “external resources”—scab labour—to continue production in the mill, Australia’s largest. Contract workers are reportedly being brought to the plant, located in Victoria’s Latrobe Valley, from the state capital, Melbourne. This poses a serious public safety risk, as parts of Melbourne are experiencing a spike in coronavirus infections and residents have been asked to limit their travel.

Australian Paper, owned by Japanese transnational corporate giant Nippon Paper Industries, is engaged in an aggressive restructuring. It is demanding the maintenance workers accept sweeping concessions in a new enterprise bargaining agreement. It wants a two-tier wage system, with 15 percent lower pay rates for new employees and a freeze on existing employees’ wages until the pay of new starters catches up. This system would create an incentive for the company to force older workers out, in order to allow greater exploitation of newer and cheaper labour.

The maintenance workers have already endured wage cuts. In 2016, the unions pushed through Australian

Paper’s demand for a wage freeze and a four-day week, reportedly boosting company profits by \$3 million.

Australian Paper manager Craig Dunn last week declared that “labour is Maryvale’s highest input cost” and there had to be “productivity improvements.”

Workers have rejected the company offered deal, and voted instead for industrial action. Limited rolling strike measures, authorised under the Fair Work industrial legislation, were organised by the AMWU in September last year, and January and March this year.

The workers’ principled stand in defence of decent wages and conditions is at risk so long as it is left in the hands of the AMWU bureaucracy.

The unions have paved the way for Australian Paper’s provocations. A two-tier wage system already exists among production workers, who comprise the majority of the near-1,000 strong workforce in the Maryvale plant.

In February 2017, the Construction Forestry Mining and Energy Union (CFMEU) imposed a wage-cutting deal after working with the company to bludgeon workers into accepting the agreement by threatening plant closure. The deal, which was reportedly endorsed by just 51 percent of the workers against 49 percent opposed, effectively delivered an 11.5 percent wage cut for all new starters. Many workers suffered a loss of pay of \$100 per week (see: “Australian union pushes through pay cut at paper mill”).

Australian Paper is now using this precedent to attack the conditions of maintenance workers.

The Maryvale plant is situated in Victoria’s Gippsland region, which has some of the worst poverty, unemployment and social problems in Australia. Decades of job destruction imposed by successive Labor and Liberal-National-led state and federal governments, including the privatisation of the

electricity sector in the 1990s, have deindustrialised much of the area. This devastation has been made possible only through the trade unions, which have enforced waves of job losses and cuts in wages and conditions.

Australian Paper's owner, Nippon Paper Industries, has annual revenues of \$10 billion. It is one of the world's ten largest paper manufacturers, operating paper and packaging plants across multiple continents. Its measures against the workers in Maryvale form part of an ongoing global restructuring drive, aimed at boosting corporate competitiveness. No doubt the global economic crisis exacerbated by the coronavirus pandemic will further fuel attacks on paper workers' wages and conditions in Australia and internationally.

The state Labor government of Premier Daniel Andrews is involved in the operation against the Maryvale workers. In 2015, Nippon Paper received \$90 million in public subsidies to fund its recycling centre in the plant and two years later got another \$2.5 million for a waste energy plant. Earlier this year, in an agreement classified as "commercial in confidence" so that the details could be kept secret, the state Labor government provided the company with another \$120 million to help it "transition" away from using old growth forest timber.

In the face of coordinated company-government-union moves to permanently lower their wages and working conditions, Australian Paper maintenance workers need to form a rank and file committee, led by trusted plant workers. This committee needs to turn out to other sections of the working class confronting similar attacks, and develop the widest industrial and political campaign to defeat the corporate wage cutting drive.



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