

# Australia: Ovato printing company demands more cuts to jobs and conditions

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In the midst of current negotiations for a new enterprise workplace agreement (EA), heat-set print giant Ovato has ramped up demands that its employees in Australia accept further cuts to jobs and conditions as part of a sweeping restructure to slash costs and bolster profits. The company has eight print centres in Australia, two in New Zealand, and agencies in London, Singapore and Chennai, India.

Attempting to justify its cost-cutting demands, Ovato claimed it had suffered a \$130 million drop in sales revenue in the 2019–2020 financial year. However, while revenue fell 19.4 percent from \$669 million the previous year, the company still realised \$539 million in revenue.

In addition, Ovato reported a 41 percent drop in revenue from March to June this year due to the impact of the COVID-19 crisis on magazine sales. While these were at record lows, the company admitted that book sales, packaging, retail distribution and marketing services were unaffected and in some cases sales increased.

In reality, Ovato, like other employers in Australia and globally, is cynically utilising COVID-19 to restructure operations and accelerate cost-cutting plans already in the pipeline. The assault is being carried out with the full collaboration of the Australian Manufacturing Workers Union (AMWU) which covers the majority of the company's workforce.

With the onset of COVID-19 in February, the AMWU joined management to demand that workers accept a 40 percent reduction in working hours and take annual leave to keep the company afloat through the crisis and supposedly to guarantee their jobs in the long term.

However on July 30, Ovato suddenly announced it was ending negotiations with the union for a new

enterprise agreement (EA) covering 850 of the company's 1,300 employees, and that it had made an application to the Fair Work Commission (FWC) to terminate the existing EA. If the application were to be approved the workers would be forced back onto the base Graphic Arts Award suffering a massive loss of entitlements, including sharp reductions in severance payments and 30 percent wage cut.

Making applications to the FWC for the termination of agreements has been a standard tactic used by employers in a series of key disputes to intimidate workers and allow the unions to break down resistance and impose regressive work agreements, including at the Loy Yang power station in Victoria's Latrobe Valley in 2017.

Making clear the company is intent on slashing costs at workers' expense, Ovato CEO Kevin Slaven, whose remuneration package is \$692,088 told the media: "Our nominally expired EA is reflective of a prosperous past, not the current economic reality we face, and our current redundancy scales across all of our business need to better reflect this."

He also demanded increased workforce flexibility, a euphemism for the jettisoning of protective work practices, and "more appropriate" redundancy payment levels to allow the company to "resize" the business in response to the pandemic, as well as further restructuring to create a "smaller but more agile and profitable company."

Significantly, Ovato's insistence on the need to reduce severance pay follows its announcement in early August that up to 300 jobs would be eliminated. In other words, workers are being expected to reward the company for destroying their jobs.

Reacting to Ovato's decision to walk away from EA negotiations, Lorraine Cassin, assistant national

secretary of the AMWU's print and packaging division, complained: "We are very disappointed that Ovato has chosen to take such extreme action against their workers when the workers have bent over backwards to accommodate the company."

In reality, it has been the union that has "bent over backwards" to "accommodate" the company. From the outset, the union's main concern has been to maintain its role as a labour broker, from which its officials derive their lucrative privileges, by negotiating away the conditions of its members.

The AMWU openly admitted on its website on July 30 that it had been working with Ovato since March to "negotiate reduced working arrangements," fraudulently claiming that this was necessary because of the impact of COVID-19 on the business. However, even before the COVID-19 crisis took hold, Ovato had set in motion a major restructure that has already resulted in redundancies.

In December, Ovato opened a new multi-million dollar print site at Warwick Farm in Sydney in New South Wales (NSW) allowing it to consolidate its heat and web offset presses at one facility and computerise its distribution department. This went hand in hand with the closure of Ovato's major Moorebank printing operation in Sydney. The overhaul is expected to deliver the company annualised savings of \$24 million.

Making clear that such savings will be partly generated via savage job cuts, Slaven declared the consolidation of NSW to take place over the next 18 months would cost \$30 million, including outlays on redundancies.

Similar attacks as those being carried out by Ovato are being conducted by companies right across the printing industry sector in Australia and internationally, posing the necessity for a unified industrial and political campaign by print workers to defend jobs and conditions.

Australian Community Media & Printing (ACM), which covers 160 regional publications, announced in July the permanent shutting of print centres in Canberra, Murray Bridge and Ballarat at the cost of up to 200 jobs. This followed several months of talks between major newspaper publishers News Corp, Nine Entertainment and ACM about redrawing print partnerships through the amalgamation of print centres to reduce costs.

Media heavyweight News Corp also announced it is considering plans to close print sites including in Tullamarine (Melbourne), Chullora (Sydney), Ormiston and Beaudesert (Queensland), and has stated that between 500 and 1,000 jobs could go.

Similarly in the United Kingdom, as newspaper and magazine sales crashed between 20 and 25 percent due to COVID-19, news print manufacturers announced mass sackings. Prinovis in Liverpool made 92 workers redundant (20 percent of the workforce), Chantry in Wakefield imposed 53 redundancies, and Lettershop in Leeds pushed through 33 redundancies, among others.

The experiences of workers at Ovato, and across the industry, show that print workers can place no faith in the unions. They function at all times as an industrial police force imposing employers' demands.

The turn must be to the construction of new independent organisations of struggle such as rank-and-file committees and the fight for a unified campaign by workers throughout the sector in Australia and internationally. This struggle must be based on a socialist perspective and the fight for a workers' government that would place the print industry under public ownership and democratic control to provide for social need, not private profit.



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