

## **Earthworker Social Enterprise's first factory: Workers leading the way to a green economy**

**Notes from talk by Dave Kerin and John Cleary at New  
International Bookshop, Trades Hall cnr Victoria &  
Lygon Sts, Carlton on 7 July 2010 at 6:30pm**

### Details from flier

The response to climate change by big business and government looks like being too little, too late. But what if organised labour itself could create green jobs and push Australia towards a sustainable future?

It's a not a hypothetical, this is actually happening.

The Gippsland Trades and Labour Council (GTLC) oversees a region already hit hard by the privatisation of the power industry. Now, when some hear climate change sounding the death knell for the local economy, the GTLC is going on the front foot by backing the Earthworker Social Enterprise.

With their first factory producing solar hot water units almost ready to go, Earthworker founder and CFMEU organiser Dave Kerin will discuss how worker cooperatives can create new green-collar, manufacturing jobs alongside current coal and related jobs - and what you can do to help this important new movement grow.

Entry: \$5/ \$2 concession

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This event is co-sponsored by the New International Bookshop and the SEARCH Foundation <<http://www.search.org.au/>> .

### Notes from Talk

[Time stamp in brackets - this is approximate only]

#### **John Cleary:**

[John is a retired Electrical Trades Union official who currently organises 'brigades' to tour Venezuela under the auspices of the Australia-Venezuela solidarity network. He has visited Venezuela several times to study social enterprises there.

[4.43] He discusses his impressions of the Venezuela case, which, as he argues, provides somewhat of a model for the Earthworker project in the LaTrobe Valley.]

In Venezuela, the typical response of workers when faced with a factory closing down has been to occupy the factory, negotiate with the owners and invite the government to buy a 'golden share' to allow the factory to re-open.

Worker-controlled enterprises/factories are

- linked with community organisations
- allied with community groups.

There is a legal framework established under the constitution of Venezuela whereby it is not permissible to own a factory and then leave it vacant. This facilitates the occupation of factories by workers in the event that they go out of business.

There are hundreds of thousands of such worker-controlled factories in Venezuela.

Whilst there have been some failures and instances of corruption, many of them have succeeded.

[8.15] In one case, people moved into a barrio (district) and then proceeded to: build houses; set up grassroots services and authorities such as security (because the police are not trusted); established cooperatives providing services such as carpentry, medicine and clothing production. Working conditions in this case were characterised by no stratification of wages, job rotation, and extremely flat organisational structures. More generally in Venezuela, there has been some talk of buying out the government once the cooperatives start to turn a profit. It is often argued that this is not appropriate.

[19.12] There has been a long-term historical trend of decline in the Agricultural sector in Venezuela: As a result, the country has become very dependent on imports for food. With the advent of the cooperative movement, a 'Mercal' network has been set up which purchases from producers and distributes through a chain of low cost supermarkets. As part of the decline in the agricultural sector, the country has lost agricultural skills with many people moving to the cities. Co-ops have been set up to train people and thereby alleviate this skill-shortage to some extent.

[21.10] In comparison, in Australia, there have many shutdowns. Perhaps workers should have occupied factories in response but this has not been a popular idea amongst the Australian working class. Australia has been losing skills in manufacturing and the economy has become dependent on mining, education and information technology.

[21.10] In Venezuela, there around 200,000 cooperatives operating at present.

## Dave Kerin:

[22.45] The Earthworker group intends to create a factory called 'Eureka's future' in the LaTrobe Valley in Victoria. This will be a prototype worker and community-owned factory.

The population in the LaTrobe Valley is diverse in that it is not just influenced by union culture. For example there is a longstanding Catholic distributionist tradition which encourages the establishment of worker-owned cooperatives.

The Mondragon Region in Spain is characterised by cooperatives and can be used as somewhat of a model for the Earthworker project. In the case of Mondragon the second large co-op that was established was a bank which then proceeded to fund other co-ops. Now the region maintains world-class cooperative enterprises. [25.40]

The development of Mandragon came out of the Catholic distributionist tradition. There is an historic left which is independent of the 'socialist' left and which is committed to the values of connectivity rather than competition and division. [28.30] Social transformation in Australia can be understood from a Marxist perspective. The establishment of democratic institutions such as parliaments were part of the change from feudalism to capitalism. At present we are in the midst of a similar transformation in which 75% of investment now comes from worker-sponsored superannuation funds.

[31.19] Some background and issues regarding The Earthworker Project\*:

- It started 10 years ago as a green caucus under the auspices of Trades Hall.
- This caucus was 'killed' during a debate on the timber industry when we were asked to mediate between Wilderness Society and the CFMEU (Construction, Forestry, Mining and Engineering Union).
- We decided to put badges, T shirts and overt identity aside and instead focus on seeking outcomes.
- We did lot of work with Melbourne unions such as the MEFL (Moreland Energy Foundation Ltd) to get the co-op idea up and noticed.
- Gippsland and Geelong Trades and Labour Councils were always partners in that.
- After Union Solidarity (a cross-union program which I coordinated) was disbanded I had to leave Melbourne in order to work (The Mining and Energy Division of the CFMEU picked me up when no one else would or could so.)
- The Earthworker Project took root in the LaTrobe Valley.
- The Mining and Energy Division of the CFMEU freed me up to work on developing a business plan for Eureka's Future.
- The Gippsland Trades and Labour Council (GTLC) then picked up project on behalf of all affiliates in Gippsland.
- We now await funds to arrive to begin.
- While we wait, we are attempting to negotiate agreements between Everlast and Douglas Solar (our two partners) and various other groups to install the solar hot water system re-badged as 'Eureka's Future', part of profits will come to our cooperative to assist with start up.
- We are told that funding for the first factory is not far off. Subsequent cooperative factories, which will be affiliated to the Earthworker Social Enterprise Association as will be Eureka's Future, will be operated solely by us (although any level of government can do Public Social Partnerships – PSP's – with us).

[34.33] In the LaTrobe Valley, there has been a restructuring of the power industry which has, historically, provided the bulk of employment.

The philosophy and elements of Earthworker are as follows:

- The 'Everlasting Solar' enterprise will be privately owned and will help establish factories.

[35.59]

- Earthworker has re-designed the best existing solar hot-water unit to make a better product which has a 10 year warranty.

- Plants will belong to an Earthworker social enterprise association which will be a social-sector industry lobby. We are engaged in setting up a social sector where workers own and control a sector of the economy. It will be run on a not-for-profit basis and surpluses produced will be put back into the community for the collective good.

[39.17]

- A finance arm of Earthworker will provide independent finance for enterprises.

[41.05]

It is envisaged that to establish Earthworker factories, the finance arm would firstly provide funding and also purchase the goods (for example, hot water units) which are produced by the factory for the benefit of the community. We would also put in leasing arrangements. For example, the local council might provide land for solar thermal plates and in return receive free electricity .

[42.05]

In the future, it is possible that Earthworker can diversify into other industries. For example, hemp plantations can be established which can in turn lead to the production of textiles and clothing. This clothing can then be supplied as uniforms to various workers such as nurses and ambulance officers. So there is some potential to create an alternative economy. A transformation to a cooperative economy can be driven by the workers' own initiative and enterprise rather than demanding that capitalists do it for us.

[46.05] Under a 'public-social partnership' we can seek a favourable regulatory framework from the government and compete with corporate sector, for example in the health industry.

[48.05] Plans for Earthworker include providing solar hot-water units for farms.

[50.05] The rest of the recording is taken up with questions from the floor.

Notes taken by Jack Roberts at the talk

Transcribed on 25 July – 17 August, 2010. Thanks to John and Dave for their assistance in editing these notes.

\*Dave provided these extra points in writing after the notes were completed. Not all of these points are covered in the presentation nor do they correspond exactly to what was said at this point in the talk.