# Australian warehouse strikers threatened with dismissal

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Management at Davids grocery warehouses in Sydney stepped up its offensive against striking workers when it threatened to dismiss the entire workforce unless they agreed to resume work yesterday, August 10. The storemen, on strike for more than a month, met last Friday and decided to defy the ultimatum.

Already 60 of the 400 workers have been sacked for picketing, and the company has refused to discuss their reinstatement. In addition, the company has initiated Supreme Court action to sue the strikers and the National Union of Workers (NUW) for multi-million dollar damages for losses allegedly caused by the dispute.

Now Davids has hardened its stance further. The threat of mass dismissal indicates that the company, backed by other food industry employers, aims to bring in an entire scab workforce, substantially casualised. It could then slash costs, hire workers only for peak periods and sack them at will, setting a precedent for the rest of the industry.

The warehouse workers walked out in mid-July after eight-month-long negotiations between the company and the NUW over an Enterprise Agreement broke down. The company demanded that workers accept sweeping cuts to conditions such as longer working hours, shorter leave entitlements, cuts to penalty rates and a doubling of the casualised proportion of the workforce.

Over the past four weeks Davids has stepped up its demands. The union initially submitted a pay claim for a 16 percent rise over two years, in return for restructured working conditions. This claim was reduced to 5 percent over one year. Finally, a union offer of a return to work without any pay rise at all was rejected by the company.

Throughout the strike the state Labor government has mobilised large contingents of police to escort trucks and bus loads of scab workers through the picket line. Police--up to 60 at a time--often outnumber picketing workers by three-to-one. Extra police have been brought in to coincide with strike meetings. Working in close co-ordination with the company, police arrive in time to escort trucks and buses inside the gates, and then leave as the day's business ends. Scabs have run over and beat up picketing workers with police refusing to take any action.

Except for several mass pickets, during which hundreds of workers and supporters halted trucks, the NUW and the rest of the trade union leadership have isolated the Davids workers. As happened in the waterfront dispute, the unions have used the excuse that solidarity action by other workers is outlawed under the Workplace Relations Act. This is encouraging Davids, backed by the Retail Traders Association, to push for a far-reaching defeat.

Behind the conflict at Davids Holdings are fundamental changes in grocery operations in Australia and worldwide. Smaller, independent grocery retailers of the type supplied by Davids have come under intense pressure from giant retail chains that increasingly operate globally.

In Australia 20 years ago, independent grocery operators held a 70 percent share of the market, while the three largest chains, Woolworths, Coles and Franklins held only 30 percent. Today these figures have been reversed with independents holding less than 30 percent of the market. Giant supermarkets now dominate, operating seven days a week, often 24 hours a day, with advanced labour-saving computer technology.

Davids currently monopolises wholesale deliveries to independent grocery stores on Australia's east coast (the bulk of Australia's market, runs its own chain of Jewell stores and holds 50 percent of Australian Liquor Marketers, the country's largest wine and spirits distributor. The company, formerly owned and controlled privately by the David family, acquired much of this empire in recent years. Its expansion only exacerbated its underlying crisis.

Davids' strategy, termed its 'fourth force' vision, hinged upon emulating the big three. Already the largest national supplier to independent grocers, it established dominance over that entire sector of the market in 1996 when it bought out another grocery wholesaler, QIW-Composite Buyers. It also purchased the Jewell group, largely consisting of relatively rundown medium-sized supermarkets. One financial analyst characterised its plan as 'an attempt to exploit the death throes of the independent sector to finance its own emergence as a chain'.

However, the Jewell acquisition, in particular, was a disaster for the company, over-stretching its fund-raising capacity. Moreover, the company's move into retailing aroused concerns among its other customers and opened the way for Woolworths to move in. Earnings continued to plummet and the David family was forced to relinquish control. Recent figures on its performance list $262 million in write-downs, including the Jewell chain, now on the market at a greatly reduced price.

The David family also sought to offset its slide by setting up wholesaling and distribution operations in Asia, notably Thailand and Indonesia, only to be hit by the region's economic meltdown. By the beginning of this year Davids was being described in the financial press as 'a family business fallen on hard times'.

In April, Davids Holdings was taken over by South Africa's Metro Cash and Carry (Metcash), a company with a similar profile and parallel problems. It is South Africa's largest wholesale grocery distributor, operating through 187 cash and carry stores, six trade centre outlets and five distribution warehouses. Like Davids in Australia, it holds the national franchising rights for the Independent Grocers Alliance (IGA).

Metcash's takeover of Davids was part of its plans to become a global competitor in the wholesale grocery distribution industry. In recent years it has branched out across Africa and into the Middle East, which now account for 20 percent of pre-tax earnings.

Yet on a world scale Metcash and Davids (each worth about $700 million at the time of the takeover) are puny. In the latest supermarket merger in the United States, Albertson's has bought American Stores Company, owner of the Lucky, Acme and Jewel grocery chains and the Sav-on and Osco drugstore chains, for $US11.7 billion ($A19.3 billion). The combined company will have more than 2,470 stores in 37 States and annual sales of $US36 billion. It is the latest in a wave of mergers accompanied by cost-cutting and rationalisation.

Since the Metro takeover of Davids, the share prices for both companies have collapsed, fuelling the management's drive to smash the conditions of workers. Clearly, the assault on the Davids workers is part of a wider war within the grocery industry, with multinationals fighting each other for survival, at the expense of the working class.

See Also:
More warehouse strikers arrested in Australia
[28 July 1998]