

# Australia: Union prepares sell-out of PPG paint workers

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More than 120 paint production workers at a PPG Industries plant in eastern Melbourne are entering their eighth week on strike, in opposition to a savage assault on their wages and conditions.

The company and the union covering the workers, United Voice, have agreed to a new two-tier wage regime under which new hires will receive wages 43 percent lower than the existing workforce. After initially posturing against the two-tier demand, the union, on day 30 of the strike, secured a majority vote of the workers in favour.

The company, having made this gain courtesy of the union without even a token counter-concession, maintained its offensive. PPG is demanding that workers accept the removal of guaranteed pre-paid overtime of five hours a week from their annualised salary package. For many workers this would mean a wage cut of between \$240 and \$450 a week.

The union has so far been unable to pressure workers to accept this huge drop in pay. Amid considerable anger over the company's demands, some workers are calling the vote on the two-tier wage system to be reversed. United Voice officials have bitterly opposed any discussion of the issue. From the beginning of negotiations over a new enterprise bargaining agreement, United Voice agreed with the company's demand for a greatly reduced wages bill.

The company—a US-based manufacturer of chemicals, paint and glass, and major supplier for Toyota, Ford, and General Motors Holden in Australia—responded to industrial action by mounting an aggressive strike-breaking operation. In response,

the union isolated the striking workers, provided no strike pay and established no picket. The union is complicit with an ongoing media blackout of the dispute, with more than a month passing since the last mention of the PPG strike on the United Voice website.

Having deliberately worn down the strikers, the union is now urging them to put their faith in the Fair Work Australia (FWA)—the industrial relations tribunal established by the federal Labor government, with the support of the unions, to suppress industrial action.

During a meeting yesterday, United Voice official Ben Redford told the strikers that he had scheduled a meeting with PPG manager Tim Welsh and a FWA Commissioner. According to one worker, Redford claimed that Welsh had been “hauled in front of the Commissioner”—as though the manager had been reluctant and the FWA was a neutral arbiter. He indicated that the union might seek a binding FWA decision.

The union's decision to take the dispute to the FWA is a sharp warning that United Voice is in the final stages of imposing a sell-out deal. The FWA tribunal is no “impartial umpire” but the mechanism established by the Labor government to deliver the productivity gains and real wage cuts demanded by big business.

Under the Labor governments of prime ministers Rudd and Gillard, real wages have been kept lower than during the previous Coalition government. A Parliamentary Library research paper released last week concluded: “Real wages grew an average of 1.9 percent per annum under [former Prime Minister John] Howard, but have fallen under Rudd/Gillard to

approximately zero growth per annum.”

The PPG struggle is an important test case. The booming mining sector is pushing the value of the Australian dollar higher, putting intense pressure on other sectors of the economy. As a result, manufacturing corporations, assisted by the Labor government and the unions, are engaged in a concerted restructuring drive to cut costs and boost “international competitiveness.”

In the auto industry internationally, cost-cutting is ruthless. The two-tier wage system has already been implemented in the US. The United Auto Workers (UAW) and major auto companies have established wages of just \$14 an hour for new hires in assembly plants across the country. Such measures are being extended throughout the US economy, with the aim of competing with cheap-labour economies such as China and Mexico.

To date, the two-tier wage system has not been widely implemented in Australia. In 2007, Qantas imposed such a pay structure for long-haul cabin crew with the assistance of the Flight Attendants Association. Within months, the airline began to lay off experienced employees while hiring 2,000 new recruits on inferior wages and conditions.

In 2009, Ford Australia attempted to establish a two-tier wage system at its Broadmeadows and Geelong plants, but withdrew the demand in favour of a pay freeze. In 2010 a components company in Melbourne—Kennon Auto—made a similar move, but retreated after workers struck for three weeks.

If PPG management rams through a two-tier pay structure, with the help of the union and the tacit support of the Labor government via the FWA, it will set a new benchmark throughout the auto and manufacturing industries for a huge cut in real wages.

The WSWS warned from the outset: “PPG workers cannot defeat management’s push for a two-tiered wage system while they remain under the domination of the unions. What is required is a conscious turn to all other sections of the working class now under attack—at

Ford, Bosch and other sectors of manufacturing, in Australia and internationally—and the development of rank-and-file committees and other forms of struggle to mobilise the widest sections of the working class.

“The first step in this process is a recognition that workers are in political battle against the Labor government and the unions, and that this struggle can only be waged on the basis of a new program—the fight for socialist perspective to reorganise economic life to serve the interests of working people, not the financial and business aristocracy.”

*The authors also recommend:*

PPG workers speak to the World Socialist Web Site  
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