

Australia: 700 jobs threatened at confectioner Darrell Lea

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After 85 years in business, confectionary producer Darrell Lea went into voluntary administration on Tuesday, adding to the toll of job losses across Australia. The 700 manufacturing and retail employees in Sydney and elsewhere were kept completely in the dark. Yesterday they were told by the administrators that any sell off of the company will involve job cuts, with no guarantees of redundancy payments and other entitlements.

The company, which was founded in 1927, has already shed 300 jobs since 2010, in an effort to shore up profits in the face of a 20 percent drop in sales over the past five years. Its demise is another indicator of the worsening economic slump in Australia under the impact of the global financial crisis.

It is now known that the Lea family, which owns the company, was in discussion with a potential buyer for weeks before talks broke down. The appointment of administrators PPB is clearly aimed at restructuring the business to make it attractive to a corporate bargain hunter. Even if the business is sold as a “going concern”, this will involve the destruction of workers’ conditions, as well as jobs.

Darrell Lea’s announcement is part of a wave of closures and restructuring throughout the retail and manufacturing sectors in Australia, spearheaded by major employers such as BlueScope Steel, Qantas, Fairfax Media and News Ltd. Since 2008, at least 130,000 factory jobs have been lost. A number of retail chains have shut down, including the Borders and Angus & Robertson bookstores, or are haemorrhaging jobs. Department store Myer this week announced the elimination of another 100 positions.

The official unemployment figures released this week began to register the worsening situation, showing a loss of 33,500 full-time jobs in June. The Australian Bureau of Statistics jobless rate, which vastly understates the actual total, rose from 5.1 percent to 5.2 percent, despite a greater

number of workers giving up looking for work.

Corporate media commentators seized upon the Darrell Lea collapse to insist that the pace of economic restructuring must be accelerated. Robert Gottlieb of the *Business Spectator* wrote: “What happened to Darrell Lea could happen to Australia. It made the same mistakes Australia is in danger of making. Darrell Lea could never adapt to the fact that the good times had gone and that the old boom-time strategies had to be changed.”

Likewise, while feigning sympathy for Darrell Lea workers, Prime Minister Julia Gillard backed the company’s decision to liquidate the business and seek a buyer to restructure its operations. “I certainly hope that we can see someone step forward and take this business over and keep that very famous Darrell Lea brand going for us,” she told reporters.

At the start of this year, Gillard reiterated her government’s drive to construct a “new economy” in Australia, which would make available the labour and capital currently engaged in “uncompetitive” sectors, such as manufacturing, for use in mining and other more profitable ventures.

The trade unions are functioning as the enforcers of this program, assisting employers or liquidators to impose their dictates, and block resistance by workers. The Australian Manufacturing Workers Union (AMWU), which covers workers at Darrell Lea factories, has ruled out any fight to defend jobs and conditions. Instead, it has urged its members to cooperate fully with the PPB administrators.

Knowing full well that any sell-off will be at the expense of jobs and conditions, Jennifer Dowell, the secretary of the AMWU food and catering division, told the *Australian Financial Review*: “The business would be more attractive to a buyer if it was restructured.”

The unions' role as industrial policemen was on display yesterday, when the AMWU convened a meeting at the Sydney sweets-making plant, where the administrators handed workers a document that made clear there would be no guarantee of their jobs or entitlements.

The PPB document stated: "In the event we are able to sell the business we **hope** to transfer the majority of employees and their entitlements (money owing or accrued)" (emphasis added). It stated workers might have to wait behind other creditors for the money owed to them. PPB said it "may" access the federal government's Employee Entitlements and Redundancy Scheme if it decided to place Darrell Lea under liquidation.

After the meeting, one worker told the WSWs that employees were told by PPB: "We have some money in reserve, but not enough for everyone." Another worker said an AMWU official had reassured the meeting that the government would "guarantee" all workers' entitlements, contrary to the PPB document.

The AMWU is attempting to pressure workers into accepting whatever corporate outcome is decided by PPB. If the Darrell Lea workers are to defend their jobs and conditions, they will have to organise independently of, and against, the unions. This means turning out to the entire Darrell Lea workforce, in its factory, warehouses and retail outlets, and every other section of the working class, for support in taking a stand against the job devastation sweeping the country.

Occupations of the Darrell Lea factory and shops would win wide public support, as indicated by the groundswell of popular concern and sympathy expressed for the fate of Darrell Lea and its staff. They would also win support from workers worldwide, who are facing an all-out social assault as the global economic crisis deepens. Such a campaign would immediately involve a political struggle against the Gillard government and its entire pro-market agenda. That makes it essential to fight for an alternative, socialist perspective, based on the establishment of a workers' government to place basic industry under public ownership and reorganise society completely in the interests of the working people, not the corporate and financial elite.

The WSWs interviewed several workers outside the Darrell Lea factory in Kogarah, a Sydney suburb.

A female worker, who had been employed in the plant for

nearly 30 years, said the company's announcement was "such a shock". Many people, like herself, had been at Darrell Lea almost all their working lives, and yet, "everyone kept us in the dark, and we only found out the hard way."

She denied media reports that the company had failed to modernise its operations. "The management was always trying to compete," under increasingly tough conditions, she said. "It's not just Darrell Lea. Every time you turn on the TV, you see more reports of job losses." She was very worried about the future for young people, and all those workers living "week to week", depending on their wages to pay off mortgages.

Asked about the response of the unions, she commented: "They say they are working for us, but I wonder if they are also working for the company. I wouldn't be surprised if they knew about this in advance."

Anthony, who has been a casual for two years at Darrell Lea, spoke of the difficulties in finding work. "I've been looking on and off for the last year and a half. All the jobs I get offered are \$18-19 an hour and I'm married with three children. I just can't make ends meet with that sort of money!"

Anthony was also critical of the unions. "At the end of the day, they haven't done anything for the workers. This didn't happen overnight; this has been going downhill for years and years." He expressed disgust for the Labor government and the political establishment. "Who do you vote for? Tweedle dumb or tweedle just as dumb? I don't know how these people get into politics, because nobody likes them and yet that's who we've got to pick for a leader."



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