

Australian meat workers to face new attacks after JBS buys Primo Group

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Brazilian transnational JBS Foods, the world's largest meat packer and animal protein exporter, has taken over the Sydney-based Primo Group, the biggest ham, bacon and small goods producer in Australia and New Zealand. Primo employs more than 3,000 workers at five processing plants, seven distribution centres and 30 retail shops.

The \$1.45 billion acquisition is subject to regulatory approval. JBS will reportedly use Primo, which has export markets in Asia, to expand its operations into China's lucrative pork market. The deal was announced a few days after China and Australia signed a free-trade deal that will phase out tariffs on processed meat and other agricultural imports.

Last Friday's *Sydney Morning Herald* reported that Primo Group chief executive Paul Hitchcock said "there would be no big job cuts or restructuring. It would be business as usual for Primo's brands, suppliers and 3,000 employees." These reassurances are worthless.

JBS told the financial markets it plans to reap \$30 million by "cutting out duplicated costs" and boost its revenues by \$1.6 billion a year by 2015. The \$1.45 billion purchase price for Primo, however, is 10 times the group's forecasted annual earnings before interest, tax, depreciation and debt repayments. This means that the takeover will be paid for by cost-cutting and rationalisations at Primo and JBS Australia's existing facilities.

Meat workers will suffer the consequences, while Affinity Equity Partners, which bought a 70 percent share in Primo in 2011, and Primo's wealthy co-founder Paul Lederer, who is part owner of the Western Wanderers football club in Sydney, will walk away with millions.

Originally known as JBS Friboi, the high-leveraged

Brazilian corporation has rapidly expanded its global operations in the past nine years. Currently valued at \$41 billion, the corporation employs over 190,000 workers in 150 plants in 24 countries. Even before the Primo takeover, it became Australia's largest meatpacker, with over 7,000 workers at facilities in five states.

JBS made its first major international acquisition in 2007, taking over the US meat company Swift Foods, followed by the Smithfield Beef Group and various American animal protein processors. The heavily-leveraged takeovers, which raised concerns in some international credit agencies, were followed by ruthless restructuring, productivity demands and other cost-cutting. Hundreds of management positions were eliminated following its Swift Foods takeover in the US.

JBS drove up productivity at the Greeley plant in Colorado, installing overhead screens that flash numbers indicating whether workers are meeting productivity targets. Green numbers identify workers reaching their goals; red numbers announce they are "underperforming." The 3,200 workers at the plant now slaughter and debone 5,400 head of cattle per day, with production costs driven down from \$212 to \$164 per beast.

JBS's intervention into Australia has followed the same pattern. In 2007, JBS purchased Australian Meat Holdings abattoirs and the Tasman Group meatworks. Since then it has axed hundreds of jobs, including over 500 at its Dinmore and Townsville plants in Queensland and 90 at Longford in Tasmania. It closed Tasmania's King Island plant, destroying 100 jobs, and eliminated 80 jobs, or half the workforce, at its Cobram plant in Victoria. These cuts and other productivity demands have been rubber-stamped by the meat trade

unions.

In December 2010, JBS locked out over 100 cold storage workers for almost six weeks at its Brooklyn facility in West Melbourne after they rejected a cut in real wages. The company also demanded that shifts be increased from 8 hours to between 9.5 and 12.6 hours, including on weekends, thus cutting workers' overtime and weekend penalty rates.

The dispute was betrayed by the unions, which imposed a new agreement that eliminated the eight-hour day and reduced weekend penalty rates. The National Union of Workers (NUW) directed the locked-out workers not to interfere with the company's scab labour force and delivery trucks crossing their picket line. The Australian Meat Industry Employees Union (AMIEU) instructed its members not to take any action in support of their locked-out colleagues.

In May 2012, Andre Nogueira, JBS Australia's then CEO and a former Bank of Brazil corporate chief, complained to beef industry officials that production costs in Australia had increased by 30 percent since 2007.

"Australian producers may not reach US productivity volumes but we cannot afford to be only half as efficient, as we currently are," Nogueira said. "What should really concern the Australian industry is that the margin in comparison with US processing is growing, not reducing." He called for increased "labour flexibility"—a euphemism for slashing wages and conditions.

That year, JBS Australia was split into two divisions—a "northern venture," centring on Queensland and New South Wales (NSW), and a "southern element," covering Victoria, South Australia and Tasmania. JBS then eliminated 60 jobs at its Tabbita feedlot and up to 80 at its Yanco abattoir, both in NSW.

In September 2012, JBS shut the King Island meatworks, claiming that the cost of doing business on the island was too high, despite receiving a \$12 million low-interest loan from the Tasmanian government three years earlier to modernise the abattoirs. King Island farmers were told to ship their cattle to the company's Longford, Tasmania plant. JBS refused to sell or lease out the King Island facility and threatened to shut Longford if another abattoir opened on King Island.

Primo workers already face oppressive conditions. At its Chullora plant in western Sydney, most are

employed as permanent part-time or casual workers. During the past three years, overtime rates were abolished and workloads increased as crew sizes were reduced. Permanent workers are paid about \$16.50 an hour. Casuals are on around \$21 an hour, but have no holiday or sick leave.

Earlier this year, the Australian Broadcasting Corporation's "7.30" program focussed on the Primo plant at Scone, northwest of Sydney. It revealed that young Asian workers, hired on temporary working holiday visas were systematically underpaid—less than half the minimum wage—forced to work excessive hours and threatened with dismissal if they complained (see: "Young workers super-exploited in Australian meat industry").

Primo workers will inevitably face attacks on their jobs and conditions following the JBS takeover. The only way to resist this assault is by firstly recognising that the unions will isolate and block every attempt by workers to fight the transnational corporation. This poses the necessity for Primo workers to establish independent rank-and-file committees in every plant and to turn out to their colleagues in JBS, nationally and internationally, as part of a unified struggle to defend all jobs, wages and conditions.

Such a struggle will necessarily involve a political fight against the unions, which act on behalf of governments and employers. It must be grounded on a socialist perspective based on the needs of the working class, not the profit demands of corporate and financial elite. We urge Primo workers and other JBS employees to contact the Socialist Equality Party to discuss this perspective.



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