Australian Dulux workers return to work but job cuts loom

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Facing the loss of at least 40 jobs next year, about 100 workers at the Dulux Group paint manufacturing plant at Rocklea in Brisbane walked out on strike on January 13. Determined to break the strike from the outset, the company erected lengthy barricades around the front of the plant in advance, seeking to block picket lines.

After nine days on strike, workers voted last Friday to return to work this week, on the recommendation of the United Voice trade union, without the company budging an inch on the immediate issues that triggered the stoppage—redundancy payments and sick leave entitlements.

United Voice (formerly called the Liquor, Hospitality and Miscellaneous Union) kept the strike isolated and confined it to seeking higher redundancy payouts, rather than fighting to defend all jobs. Then the union pushed through a vote to call off the stoppage as soon as possible, preventing it from becoming a rallying point for the working class.

Together with all the other trade unions, United Voice is seeking to contain and stifle the growing anger among Australian workers over the mounting destruction of jobs throughout basic industries.

United Voice claimed the return-to-work decision was a “strategic” one, pending a ballot, in 10 days’ time, on a new enterprise bargaining agreement (EBA) issued unilaterally by Dulux. The company, however, underscored its intransigence, breaking off negotiations with the union until after the ballot.

No details have been made public about Dulux’s proposed EBA. According to the union, it contains “only minor amendments to the company’s previous offer,” which workers rejected. Nevertheless, the union is seeking to resume negotiations with management.

In the union’s media statement, United Voice coordinator Damien Davie reiterated its calls for further talks with the company to achieve a “final resolution,” while referring to the possibility of “more industrial action down the line.”

The job cuts are part of an ongoing restructuring drive by the $2.5 billion Dulux Group, a major Australian transnational company. It is also eliminating 80 jobs this year at two distribution centres in Sydney—its Padstow facility and its Selleys products operation at Moorebank. These centres are to be replaced by a single outlet, operated by cost-cutting transport company Linfox.

Dulux, one of Australia’s biggest 100 companies, typifies the escalating global offensive on workers’ jobs and conditions. A paint, adhesives, garden and other materials conglomerate, it was spun off in July 2010 from the giant British-based Orica chemical company (formerly Imperial Chemical Industries [ICI]). It employs some 4,000 workers in Australia, New Zealand, Papua New Guinea (PNG), Malaysia and China, operating 21 manufacturing sites and 21 distribution centres.

The company owns a stable of well-known brands, such as Dulux and Berger paints, Selleys and Polyfilla adhesives, B&D roller doors, Yates garden products and Ratsak. It enjoyed rising profits from the property boom in Australia, which saw a rise in house building and home renovations. In return for driving up the share price, CEO Patrick Houlihan was paid more than $3 million last year in salary and incentives.

But the housing bubble is now showing signs of imploding, deepening the economic slump caused by the collapse of the mining boom. Dulux is facing problems on several fronts, including sharp downturns in China and PNG, as well as heightened competition within the Australian market from US rivals, such as

PPG (Taubmans), Valspar (Wattyl) and Sherwin Williams.

Dulux told the share market last December that it expected to exceed the 2015 profit of $124.7 million in 2016, because the housing market remained “relatively buoyant.” Deutsche Bank, however, issued a “sell” recommendation on Dulux shares due to the conditions in China and internationally.

One of Dulux’s answers to these pressures has been to build a new, more automated, paint plant in Melbourne, due to open in 2017, which will employ only 60 workers. Another response has been the closure of Dulux’s Sydney facilities. When the company announced the combined job cuts last March, United Voice ruled out any unified fight to oppose the destruction of jobs.

Instead, the union began EBA negotiations with Dulux, urging the company to lift a cap of 80 weeks redundancy pay, which is based on 20 years’ employment. Numbers of workers at the Brisbane plant have been there for more than 20 years, so higher payouts could help secure enough “voluntary” redundancies to lessen resistance to the job cuts.

“Average service here is more than 20 years,” United Voice official Davie told the media. “We just want fairer redundancy provisions.” However, the company refused to lift the 80-week cap, and adopted what it called a “robust contingency plan” to defeat the strike.

As well as erecting barricades, this included stockpiling paint, sourcing supplies from elsewhere in the Dulux manufacturing network and bringing in casuals to keep supplying its sales outlets.

Dulux’s job-shedding is part of a wave of corporate layoffs throughout Australia amid the rapid drop in commodity prices, driven by falling demand in China and globally. The closure of the country’s entire car manufacturing industry by Ford, GM and Toyota is being compounded by tens of thousands of sackings in the mines and related sectors, as well as in the steel, maritime and retail industries.

United Voice has a history of selling out key strikes by workers, including in the paint industry. In June 2011, the union shut down a nine-week strike by 120 workers at PPG’s plant in eastern Melbourne after imposing an agreement that delivered the company’s demands. These included a two-tier workforce, with new hires receiving a 43 percent wage cut, and the elimination of overtime payments, slashing the weekly earnings of many existing employees by between $250 and $450.

That betrayal established an Australian precedent for two-tier wage systems and laid the groundwork for a broader offensive against jobs, wages and conditions, which has deepened with the mining crash.

In order to prevent a similar sellout, the Dulux workers need to take their struggle out of the hands of the United Voice bureaucracy and form an independent, rank-and-file committee. They should link up with the Dulux and Selleys workers in Sydney, who face retrenchment, other Dulux Group workers and the sacked Queensland Nickel workers in Townsville.

A unified movement of workers facing similar attacks—miners, auto workers, steel workers, dock workers and retail workers—is needed to wage an industrial and political campaign to defend jobs and conditions. Above all, a new political perspective is required, aimed at the abolition of the profit system and the establishment of a workers’ government as part of an international struggle for socialism.