Australia: Possible Woolworths strikes spark warnings of a broader wages movement

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The threat of strikes at four major warehouses owned by Woolworths, one of Australia's two biggest supermarket chains, has triggered warnings in the financial press of a broader push for higher pay, under conditions of the lowest annual wage growth in recorded history.

The National Union of Workers (NUW) applied this month to the Fair Work Commission, the federal government's pro-business industrial tribunal, to take protected industrial action at four Woolworths warehouses in Victoria and New South Wales during November and December.

The stoppages would occur during continued negotiations between the trade union and Woolworths for new enterprise agreements covering up to 2,000 workers at the sites.

As a result of successive union-brokered deals, the workers are paid on average less than $25 an hour for demanding physical labour. The sellout agreements have resulted in expanded casualisation and part-time work, and the gutting of working conditions.

According to the NUW, it is pressing for wage increases averaging $2 an hour across the sites. The pay rise would be an increase of more than 6 percent for some workers. At the same time, the union is continuing back-door negotiations that will undoubtedly involve further undermining working conditions in return for any wage rise.

The three Victorian warehouses, at Broadmeadows, Laverton and Wodonga, are reportedly key to Woolworths' operations throughout the state, prompting fears in corporate circles of disruption across its supermarket network.

The Broadmeadows site, which employs 700 workers, including in part-time and casual roles, is slated for closure in the next 12 to 18 months. Since workers were informed of the proposed shutting by text message in 2015, the NUW has done everything it can to suppress opposition from the workforce.

In comments to the *Border Mail* last week, NUW organiser Dario Mujki signalled the union's continuing support for the closure, blithely declaring that at least 400 jobs "will go." He alluded to the possibility of further closures, including at the Barnawartha distribution centre in regional Victoria that employs up to 400 workers.

The union is seeking to divert anger by making appeals for redeployment for the Broadmeadows workers and larger redundancy payments. The closure will further exacerbate the social crisis in the northern Melbourne suburb, which has an official unemployment rate of 26.7 percent after decades of closures and job cuts, including last year's shutdown of the Ford car plant.

The NUW will undoubtedly seek to limit action to token strikes, but the possibility of any industrial action has been met with fear on the part of the financial elite.

Bloomberg, the US-based financial news service, took the unusual step of reporting on the potential strikes last week. It declared the action could be "a sign that a strengthening labor market could be emboldening employees."

Andrew Boak, Goldman Sachs's chief economist for Australia, said the wage demands could be a "canary in the coal mine." He said: "It's entirely possible you're seeing a positive inflection point in wages."

Some media commentators have suggested that limited wage growth could "kick-start" the Australian economy, which is mired in deepening slump. They have made clear, however, that any increase would likely trigger a Reserve Bank of Australia hike in historically-low interest rates.

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Such a move would increase the social hardship facing millions of working people, effectively nullifying any pay growth and creating the conditions for widespread mortgage defaults across the debt-laden and inflated property market.

Moreover, any wage rise would cut across the strategy of the corporate and financial elite. Amid anaemic economic growth and limited productive investment, all major companies are engaged in a cost-cutting drive, including through sweeping wage reductions.

In a submission to a Senate inquiry last April, Woolworths declared that the entire enterprise bargaining system would be “unworkable” if provisions were enforced requiring that agreements do not worsen the pay and conditions of workers. In other words, the company will not tolerate any, even minimal, wage rises.

This is part of a broader process. Annual wage growth in 2017 fell to the lowest level in history—1.9 percent across the private sector. Labour’s share of gross domestic product fell to 46.2 percent, the smallest proportion since records began in 1959.

Woolworths’ planned closure of its Broadmeadows warehouse is part of a wider restructure, spurred by a price war with its chief competitor Coles, and fears over ongoing falls in retail spending.

This month, Woolworths sold its remaining shares in Masters, its failed hardware chain, for $70 million. Masters collapsed at the beginning of the year, with write-downs of up to $2 billion. Late last year, Woolworths sold its Home Timber and Hardware business for $165 million.

The company also faces an imminent threat from Amazon’s entrance into the Australian market. The massive US-based corporation is set to open its first warehouse in the outer Melbourne suburb of Dandenong by the end of the year.

Woolworths’ shares fell almost 4 percent in June, after Amazon’s takeover of the US food retailer Whole Foods. Amazon’s $18 billion acquisition was viewed as a signal that it would directly compete with Woolworths, Coles and other food retailers in Australia.

Amazon’s arrival will accelerate moves to cut wages. The corporation is infamous for its business model based on ultra-low wages and intensive exploitation. Conditions at its US warehouses resemble those in third-world sweatshops.

Woolworths, with the aid of the unions, has already slashed workers’ wages and conditions.

A 2012 enterprise agreement between the supermarket chain and the Shop Distributive and Allied Employees Association (SDA) reportedly resulted in up to 60,000 Woolworths supermarket employees being underpaid tens of millions of dollars. In 2015-16, Woolworths transferred almost $5 million to the Queensland branch of the SDA, supposedly for union dues.

Woolworths executives last August acknowledged that some workers may have been paid below the award-mandated wage under the deal with the SDA. The union has struck similar agreements with Coles and fast-food chains, abolishing or drastically reducing weekend and night-time penalty wages, and lowering pay.

Those agreements are replicated in every industry. Annualised wage growth in union-brokered enterprise agreements across the private sector was just 2.6 percent in the June quarter, the lowest level since 1991.

The NUW, like other unions, has suppressed opposition by workers to attacks on their jobs and conditions.

In 2015, the union shut down a four-day strike by workers at the Woolworths Laverton plant, imposing a sellout agreement that entrenched the use of labour-hire employees, forced to work without any basic rights. In 2010, the union ended a strike and picket by workers at the Broadmeadows distribution centre, imposing a real wage cut on casual workers.

This treacherous record underscores that as workers enter into struggle against poverty-level wages and substandard conditions, they will confront the unions as their antagonists. Any genuine fight to defend their basic rights will necessitate a complete organisational and political break from the unions.

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