

Australian retail union reportedly signs another wage-cutting deal with Woolworths

Oscar Grenfell
27 December 2017

According to a report in the *Sydney Morning Herald* this month, the Shop, Distributive and Allied Employees Association (SDA), a union that covers retail employees, has signed another regressive enterprise agreement with Woolworths, one of Australia's two major supermarket chains.

While the company and the trade union have sought to keep the contents of the deal secret, it appears to slash wages for 400 low-paid warehouse workers across the country. This would make it the latest in a series of wage-cutting agreements between the SDA and supermarket giants, such as Woolworths and Coles.

The deal was reportedly struck on December 8. It covers workers who will be employed in four “dark stores”—warehouses that stock Woolworths’ content that can be bought online, across the country.

The *Sydney Morning Herald* claimed that Fair Work Commission (FWC) deputy president John Koviak, who presided over the signing of the deal this month, approved a request by Woolworths that the details of the agreement, including wage rates, be regarded as “commercial-in-confidence.”

The FWC is the pro-business industrial tribunal, set up by the last federal Labor government, with the support of the unions. Since then, it has been the forum for company-union collaboration in the destruction of jobs, wages and working conditions.

A University of Adelaide law professor, Andrew Stewart, quoted in the *Sydney Morning Herald*, described Koviak’s ruling as “extraordinary.” FWC legislation mandated that the details of an agreement be made public. “Clearly that includes the wage rates in the agreement,” Stewart stated.

According to figures cited in the article, workers in the “dark stores” will likely be paid at least \$1.50 an hour less than other supermarket workers, at an

estimated cost of up to \$3,000 per year for each worker.

The deal underscores the role of the unions as arms of company management. The SDA agreement seeks to slash costs to maintain Woolworths’ profits and market position, amid growing competition.

The establishment of “dark stores” is a response to Amazon’s opening of a warehouse in Melbourne, and an online shopping operation. The US-based corporation, one of the largest in the world, is notorious for its low-costs, based on economies of scale, ultra-low wages and onerous working conditions.

Woolworths’ Australian shares fell by almost 4 percent earlier this year on the back of Amazon’s takeover of the US food retailer Whole Foods. The nervous response reflected fears that the \$18 billion acquisition was a signal that Amazon would compete directly with Woolworths and Coles in the Australian food and produce market.

The secrecy provisions obtained by Woolworths, apparently with the SDA’s support, are a direct attempt to keep workers in the dark and prevent any opposition to the company-union wage-cutting. According to the *Sydney Morning Herald*, an SDA spokesman claimed that workers had been shown the deal’s pay provisions before they were forced to vote on it. The Fairfax Media publication stated, however, that this “did not appear to be the case.”

The SDA’s regressive agreements have faced mounting opposition from supermarket workers, and other working people.

In 2015, Duncan Hart a Brisbane employee of Coles, filed a FWC challenge to an agreement signed between that company and the SDA the previous year. In 2016, the FWC upheld Hart’s case, ruling that the 2014 agreement would be null and void unless night-time and weekend penalty wage cuts in the deal were

reversed.

The decision was made on the basis of the “Better Off Overall Test” in FWC legislation, which supposedly requires that no worker be worse off overall as a result of an enterprise agreement.

Instead of raising wages, Coles then reverted to a previous 2011 pay-cutting agreement with the SDA. Penny Vickers, another Coles employee challenged that deal in a FWC case that Coles, the SDA and other unions sought to quash. Vickers argued that the 2011 deal had resulted in her pay being reduced to \$33 per week less than the mandated minimum award wage.

After months of being stonewalled by the company and the union, Vickers abandoned her case last month, reaching a confidential settlement with Coles. The company, like Woolworths, was moving to sign a new agreement with the SDA.

A Fairfax Media investigation last year found that Coles-SDA agreements since 2011 have resulted in some 43,000 supermarket workers being “underpaid.” The investigation alleged that the average underpayment was \$1,500 per worker each year, resulting in annual savings for Coles of up to \$100 million.

The previous Woolworths-SDA agreement similarly resulted in the bulk of the workforce being paid below official minimum wages. A Fairfax Media investigation claimed last year, for instance, that 60 percent of workers at a Woolworths Melbourne supermarket were paid below the legally-required rate.

At Senate hearings in August, Woolworths government relations manager Alison Penfold conceded that agreements between the company and the SDA could have resulted in workers being paid below required pay rates.

Numbers of major employers have struck wage-cutting agreements with the SDA. Fast food companies McDonalds and KFC have also been implicated, with estimates that up to 250,000 poorly-paid workers have received lower wages.

Other unions have collaborated with the large retailers. The Australian Workers Union, the country’s biggest, was a party to the 2011 and 2014 SDA-Coles wage cutting agreements.

Sally McManus, the secretary of the Australian Council of Trade Unions, the national union umbrella organisation, has explicitly defended SDA cuts to

wages and conditions, despite her bogus claims to be leading a fight against social inequality.

When asked about the SDA’s pay cutting agreements last May, McManus cynically declared: “No union is going into negotiations trying to cut people’s wages.” She added: “If you’re working at McDonald’s, you have protection against discrimination, people to stand up for you. You’d be one of the best-paid fast-food workers in the world.”

As a result of SDA deals, McDonald’s and other fast-food workers are paid as low as \$10 an hour, depending on their age, and, in many cases, do not receive penalty wages.

The SDA’s pro-business agreements, replicated by unions in every other sector, have contributed to the lowest Australian wages growth in history, recorded at around 1.9 percent this year. At the same time, labour’s share of gross domestic product is smaller than ever, at just 46.2 percent. The record of the unions underscores that as workers enter into struggles in defence of jobs, wages and conditions, they will confront these corporatised entities as bitter opponents.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact