Australia: Chemist Warehouse workers vote to take industrial action

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Workers at three Chemist Warehouse (CWH) distribution centres voted this month for a campaign of industrial action over a new enterprise agreement. The warehouses at Somerton and Preston in Victoria and Eagle Farm in Queensland are critical in supplying non-pharmaceutical goods to the company's more than 400 retail stores across Australia.

Chemist Warehouse is Australia's 13th largest retailer by turnover, with sales of $2.7 billion and more than 10,000 staff. Its sales make up 20 percent of retail pharmacy sales, including 15 percent of all medicines dispensed under the government's Pharmaceutical Benefits Scheme.

The low-paid workers are seeking a 25 to 30 percent pay rise and an increase in the number of permanent positions across three sites to at least 70 percent of the workforce, instead of the current level of just 25 percent. The National Union of Workers (NUW), however, which covers the warehouses, is preoccupied above all with maintaining its own position as a labour hire firm and industrial police force that has imposed the poverty-level wages and onerous conditions that prevail across the sector.

According to the NUW, CWH warehouse workers who "pick and ship over a million items per week" are paid 25 percent less than those employed by industry competitors. Storemen at the CWH distribution centres, for example, earn on average just $20.84 per hour. Similar low pay rates apply across CWH's operations including in its retail outlets, where the average hourly rate for a pharmacy assistant is only $19.05 and a retail sales assistant is paid just $17.54.

CWH's low-pay regime is accompanied by intensive pressure, especially on casual workers, to reach productivity targets under threat of having their shifts reduced or cut. Fewer shifts results in drastically reduced take-home pay.

Describing such conditions, a worker at the Preston warehouse told the press: "There are hundreds of casuals fighting for limited positions. You have to work fast, you have to be like an animal. If you don't reach your target you don't get your shift."

The company's callous attitude towards its employees was underscored in 2016 when it was forced to pay back $3.5 million to nearly 6,000 in-store staff. It did so after it was uncovered that CWH had not been paying employees for compulsory training done outside of work hours.

The company's low pay and oppressive regime have enabled CWH to reap enormous profits and undercut its industry rivals.

Operating under the East Yarra Friendly Society (EYFS), the group, according to reports in the financial media, has consolidated revenue of around $1.43 billion and an annual revenue nearing $3 billion. In the financial year ending June 30, 2016, the group registered a $101 million net profit, up from $97 million the previous year. The group's owners and only directors, Jack Gance and Mario Verrocchi, have personal fortunes of $546 million and $588 million respectively.

At the end of last year, the NUW began obtaining signatures to push the company to commence bargaining. According to the union, three workers who signed the petition were put on short shifts. Bargaining on a proposed enterprise agreement begins when the employer agrees to bargaining or initiates bargaining, or when a majority support determination, endorsed by the workforce, is established.

As was the case in other warehouse disputes, the NUW held the ballot for industrial action to placate growing hostility among the workers and to exert

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pressure on CWH to come to the negotiating table. The NUW is seeking to defend its position at the negotiating table, where it bargains away the jobs, wages and conditions of the workers it falsely claims to represent and secures the wealth and privileges of the union officialdom.

That is why although workers voted for industrial action, the NUW has not announced any strikes, stoppages or work bans. Confirming the ballot result, an NUW spokesman said that workers had voted for "future strikes" that could begin "if workers decide at future meetings to take industrial action."

The current conditions at CWH did not fall from the sky. The NUW, like other unions, has for decades signed off on enterprise work agreements in the warehousing sector that have set ever more exploitative benchmarks. This has led to decreasing wage levels and worsening working conditions, including a massive increase in the casualisation of the workforce.

In 2015, for example, the NUW closed down a strike by around 200 warehouse workers at supermarket chain Woolworths' Liquor Distribution Centre in the Melbourne suburb of Laverton and then agreed to the company's demand that to use labour-hire casuals. The union claimed the outcome was a victory because the NUW would have a say on the numbers employed, when they could be used and which labour-hire company was involved.

Similarly, in 2012 the NUW shut down a two-week strike by hundreds of warehouse workers at a Toll Holdings-operated distribution centre for supermarket giant Coles in Somerton, Melbourne. None of the workers' demands were met including on pay, shift arrangements, a capped ratio on casual workers and for all casuals to be made permanent after three months.

In 2010, the NUW ended a strike by around 600 workers at a Woolworths' operated distribution warehouse in Broadmeadows and pushed through an enterprise bargaining agreement (EBA). Again workers' demands were not realized, including for a 6 percent annual pay rise, a 10 to 1 permanent to casual staff ratio and improved work shift and break times.

The basis for the wholesale trading-off of working conditions and the rise of casualisation were the accords between the unions, the Hawke-Keating Labor governments and the major companies in the 1980s. The unions were assigned a privileged position in the industrial relations setup and worked to suppress industrial action and to subordinate workers' interests to the drive to boost profits and to make Australian-based employers "internationally competitive."

The Accords led to the destruction of hundreds of thousands of jobs, including in the warehousing sector.

Chemist Warehouse (CWH) workers should draw the necessary lessons from the decades-long sell-out deals brokered by the NUW and all of the unions. The record demonstrates that nothing can be defended without a complete break from the unions and the establishment of new organisations of struggle, including independent rank-and-file committees to coordinate an industrial and political fight across the warehousing sector and to reach out to other sections of the working class.

Above all, what is required is a socialist perspective, aimed at establishing a workers' government that would place essential industry, along with the banks and the major corporations, under public ownership and democratic workers' control.

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