What companies are behind the rotten deal for Pampas workers in Australia?

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Workers at the Pampas pastry factory in Melbourne will soon vote on a proposed enterprise agreement that will slash real wages.

The United Workers' Union (UWU) bureaucracy is pushing the deal after ending a four-week strike by more than 50 workers at the plant, on the basis of a meagre 4.5 percent per annum pay rise offer—well below the current inflation rate of 7.3 percent.

The union leadership hailed the sell-out Pampas deal as a "historic win," because the company has supposedly agreed to offer permanent full-time positions to around a dozen workers currently engaged as labour-hire casuals. Some casuals have worked in the same roles for more than a decade.

Management and the union are using the promise of "secure" jobs as a means of suppressing opposition to the deal. However, permanency and direct employment will not protect workers from redundancies due to automation, downsizing or factory closure which are an ever-present threat in an industry marked by constant restructuring.

Pampas workers should reject the proposed agreement. Even if the proclamations of management and the union bureaucracy are true, workers should not have to accept a cut in real wages in exchange for permanent jobs and leave entitlements for themselves or their co-workers. Voting "no" in the formal ballot is only the first step.

To fight for real wage increases and permanent jobs for all, without trade offs, Pampas workers need to mount a unified struggle with the growing sections of workers around the world who confront similar attacks on their working and living conditions.

The UWU bureaucracy has deliberately confined the dispute within the single Footscray factory. But Pampas is just a small component of Wilmar International, a vast multinational corporation with more than 500 manufacturing plants and a workforce of around 100,000 people.

Wilmar's subsidiary, Goodman Fielder, which owns the Pampas brand, is a major Australasian food manufacturing operation with more than $1 billion in annual revenue. With 12 factories in Australia and a similar number in New Zealand, as well as six facilities in Fiji, eight in Papua New Guinea and three in New Caledonia, the company produces and distributes consumer food items under numerous familiar brands.

These include Helga's, Buttercup and Wonder White bread, CSR sugar and Equal artificial sweetener, Crisco, ETA and Gold'n Canola oils, Praise mayonnaise, Meadow Lea and Olive Grove spreads and Meadow Fresh dairy products.

Like the rest of the food manufacturing industry, Goodman Fielder has undergone vast changes over recent decades. In 2003, the company was acquired by former shipping and spice giant, Burns Philp, before being floated on the Australian Stock Exchange in 2005. In 2015, Goodman Fielder was purchased for $1.37 billion by a joint venture between Singapore-based Wilmar and Indonesia's First Pacific. Wilmar took complete control of the company in 2019, buying out First Pacific for $425 million.

Wilmar International is the world's biggest processor of palm oil and the largest producer of edible oils for the consumer market. It is also a major global producer of livestock feed, soaps and detergents, and one of the largest flour and rice millers in China.

In 2021, Wilmar recorded a net profit of $1.89 billion, up 23.2 percent from 2020, from revenue of $65.79 billion, a 30 percent increase on the previous year. The company's main shareholders are the Kuok Group, headed by Malaysian sugar, property and hotel baron, Robert Kuok, and US-based multinational food processing corporation Archer Daniels Midland, along with major institutional investors in the US and Asia.

Since purchasing CSR Limited's sugar business for $1.75 billion in 2010, Wilmar has become Australia's largest raw sugar producer and refiner, processing more than half the country's raw sugar, about 80 percent of which is exported overseas. Wilmar's Australian consumer and commercial sugar sales and distribution have been incorporated into Goodman Fielder.

To facilitate this massive export business, Wilmar operates its own bulk freight terminal in Queensland. This is part of the company's vertical integration strategy. Wilmar operates its own shipping line, with 38 liquid bulk vessels, 17 dry bulk vessels, and owns 17 ports in Indonesia, China and Myanmar.

This strategy was a critical motivation behind Wilmar's 2015 acquisition of Goodman Fielder. At the time of the purchase, the *Financial Times* noted: "The move illustrates the growing appetite among leading agribusinesses for acquisitions higher up the global food chain." A consumer goods business whose major inputs are grains, oils and sugar was regarded as a natural fit.

Wilmar and First Pacific saw the acquisition as a means of pushing well-established Australian and New Zealand brands into Asia to capitalise on demand from the growing middle class in the region for Western products.

First Pacific's annual reports between 2015 and 2018 explain the twin objectives of the new management—slashing costs through restructuring in Australia and New Zealand, especially in the baking area, while driving up sales in China and the Asia-Pacific, especially of long-life milk produced in New Zealand.

In the annual reports of Wilmar International, a vastly larger outfit than First Pacific, Goodman Fielder barely rates a mention, outside of research and development projects and token environmental initiatives. This should be a warning to Goodman Fielder workers, not just at Pampas—while the profits they generate are not enough to cause a blip on Wilmar's radar, losses, such as the $34.5 million negative result in 2021, will not be tolerated and are likely to provoke sweeping cuts.

Before Goodman Fielder was acquired by Wilmar and First Pacific in 2015, it had already undergone several years of restructuring under the banner of Project Renaissance, which aimed to slash $100 million in annual costs by 2015. In 2008, the company employed 8,000 workers in 90 facilities in Australia, New Zealand, Papua New Guinea, Fiji, New Caledonia, Indonesia, Thailand and China. By 2014, the company had only 5,500 workers.

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The restructuring and cost cutting has continued under the new ownership. Financial records filed with the Australian Securities and Investments Commission (ASIC) in 2022 show that by 2021 Goodman Fielder had just 3,325 workers on its books.

In 2017, Goodman Fielder shut down four factories in Australia, slashing 215 jobs. This included the closure of the company's only factory in Western Australia, cutting 75 jobs. To keep its brands on supermarket shelves, Goodman Fielder contracted chief competitor, George Weston Foods, which owns the TipTop brand, to produce Helga's and Wonder White bread under licence. Also closed in 2017 were Goodman Fielder's Carina and Hemmant facilities, both in Brisbane, Queensland.

In New Zealand in the same year, Goodman Fielder closed two factories in Auckland and automated some warehouse operations in Auckland and Christchurch, putting around 150 employees out of work.

The closure of smaller regional facilities and consolidation of operations into factories in the major cities was geared towards gaining maximum benefit from investment in machinery and automation, as well as 24-hour operation. In May 2020, Goodman Fielder upgraded a number of its factories with new baking equipment, automated ingredient handling systems and robotic pan stores in order to drive down manufacturing costs.

In 2021, ownership of Goodman Fielder's Fiji, Papua New Guinea and New Caledonia operations—which employ around 2,000 people—was transferred to its Singaporean parent company. Workers should not assume that a restructuring operation of this size is an inconsequential administrative decision. Expansion in the Asia-Pacific was a key strategic consideration behind Wilmar's acquisition of Goodman Fielder, and the move to split this section of the company off from its Australian and New Zealand operations could be a sign of preparations to sell off parts of Goodman Fielder that are deemed to be underperforming.

In April 2022, 39 workers at Goodman Fielder's Palmerston North factory in New Zealand were made redundant after the company abruptly ended the production of cakes and slices under the Ernest Adams brand. The E T? union, which claimed to cover 98 percent of the Ernest Adams workforce, did nothing to oppose the sackings, noting only that workers had been "shocked by a significant restructure proposal."

Pampas workers should take note. Working at the sole factory making a product line does not mean they are immune, as Goodman Fielder will not hesitate to shut down production of an entire category if it is not satisfying their profit demands.

Continual cost cutting has become standard operating procedure in the global food production industry. Nestlé sets aside $US3 billion each year for restructuring costs. General Mills has slashed almost 10,000 jobs since 2014 and closed at least 21 plants since 2005 as part of a never-ending chain of cost-cutting initiatives.

Pampas and Goodman Fielder do not exist in an economic and political vacuum. The ongoing US-NATO war against Russia in Ukraine has created major upheavals in many of Wilmar's key products, including oils, fertiliser and grains. A global shortage of sunflower oil, half of which is produced in Ukraine, last year forced Goodman Fielder to reformulate many of its products, including mayonnaise and salad dressings.

While the global wheat price has fallen dramatically from the record-high $US12.80 per bushel in May 2022, it is still almost double what it was in 2015 when Wilmar acquired Goodman Fielder. A renewed surge, potentially driven by a breakdown in the trade corridor arrangements between Russia and Ukraine, could have drastic consequences for the profitability of Goodman Fielder's baking operations.

The centrality of China to Wilmar's operations also poses a risk, with the country's economy already slowing and now facing upheaval as large sections of the population become infected with COVID-19 now that Beijing has adopted the same homicidal "herd immunity" policies as every other capitalist government. Trade with China and throughout Asia and the Pacific will likely be further disrupted as the US and its allies, including Australia, step up preparations for war against China.

It is vital that Pampas workers recognise that, while they work in a small suburban factory, earning less than $30 per hour, their livelihoods are inextricably linked to decisions made in the boardroom of one of the 200 largest companies in the world. The actions taken by the billionaire owners of Wilmar International are driven exclusively by the demands of wealthy shareholders for ever-greater profits and dividends. The needs of the company's 100,000 employees count for nothing.

Pampas workers are not only up against local factory managers but the owners of Goodman Fielder and the giant Wilmar corporation. Any fight for decent wages and conditions necessitates a turn to the tens of thousands of workers in Australia, New Zealand and throughout the region and internationally who similarly face soaring inflation and constant threats to their jobs and conditions.

This is impossible within the framework of the UWU, which refused to even mobilise its members in other sections of the company, including warehouse workers at the same factory, relying on the draconian anti-strike laws enacted by successive union-backed Labor governments as the pretext for its suppression of a broader fight.

This was not an accident or tactical error by the union leadership, but the product of the class role of unions as an arm of management. The vast profits of multinational corporations depend on the union bureaucracies dividing workers, factory by factory and country by country.

Pampas workers need to take matters into their own hands and build a new fighting organisation, a rank-and-file committee that is democratically controlled by workers and completely independent of the union. This committee will be the mechanism through which workers can develop a plan of action to fight for demands based on the actual needs of workers.

Such a fight inevitably means a political struggle against the capitalist system, which places profit ahead of the jobs, wages and very lives of workers, and against the capitalist governments, the state apparatus and trade unions that defend it. That fight needs to be waged on the basis of a socialist program that includes placing food giants like Goodman Fielder and Wilmar under public ownership and the democratic control of the working class.

We urge Pampas workers to vote no to the union-management sell-out agreement and to form an independent rank-and-file committee. The Socialist Equality Party offers every political assistance in doing so.

To contact the WSWS and the Socialist Equality Party visit:

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