Australian Pharmaceuticals Industry warehouse workers' strike enters second week

Patrick O'Connor
3 July 2023

Around 190 warehouse workers in the outer south-east Melbourne suburb of Dandenong remain on strike, after initially stopping work on June 23.

The employees of Australian Pharmaceuticals Industry (API), owned by corporate retail giant Wesfarmers, are resisting management's efforts to impose a real wage cut. Before striking, the workers rejected a company offer of below-inflation nominal wage rises of 5, 4, 3.5 and 3 percent over the next four years.

The beginning of the API industrial action was accompanied by significant media coverage, including distinctly nervous articles in the *Australian Financial Review* and *Australian*. An editorial in Murdoch's *Australian* denounced the strike for being "bad for the general economy," and warned of the danger of a wages breakout as wider sections of the working class refuse to accept further real wage cuts (See "Australian media denounce striking warehouse workers for opposing real wage cut").

Since then, there has not been a single article on the API strike published in the mainstream press.

This jarring silence has been accompanied by determined efforts by the leadership of the United Workers Union (UWU), which covers the warehouse workers, to isolate their fight. Nothing more than sporadic social media posts have been issued to publicise the strike. No solidarity actions of any kind have been organised involving other warehouse workers or UWU members. An online fund appeal organised by the UWU has currently raised just over $10,000, of the stated goal of $20,000. The latter amount equates to about $105 per worker. Meanwhile the UWU maintains $300 million in assets and $94 million in cash reserves.

The UWU bureaucracy is working to impose a defeat on the API workers. Its privileged position within the warehousing industry is based on its long record of collaboration with employers and government, suppressing wages, enforcing productivity measures, and ensuring there is no resistance to mass layoffs as the automation-driven restructuring drive continues.

Last week, UWU national secretary Tim Kennedy (annual salary and benefits $241,000) told the *Australian Financial Review* that the cost of living crisis had changed the situation within the API workforce. "These are workers who are normally not red-hot on industrial action, but there is a change of mindset of the workforce," he explained. "We feel like things are bubbling over."

The UWU has a track record of working on behalf of employers to prevent things "bubbling over." The playbook consists of subordinating workers to the Labor government's antidemocratic, pro-employer Fair Work industrial regime, ensuring that any strikes and pickets do not seriously hinder companies' production and distribution processes, isolating industrial disputes from other sections of the working class, paying striking workers little or no strike pay and then, after sufficient numbers of workers are exhausted and discouraged, jettisoning their initial demands and imposing a sell-out agreement.

Just to take some examples:

• In 2020–2021, 350 warehouse workers at Smeaton Grange, Sydney were locked out by Coles, the major supermarket chain, after they took industrial action demanding a 5.5 percent per annum pay rise, increased redundancy pay and guaranteed redeployment when their facility was closed. After a 14-week lockout, during which the UWU provided no strike pay, workers went back with only a 3.5 percent nominal wage rise and inadequate protections for job losses and redundancy.

• In February 2021, nearly 100 workers at a McCormick Foods factory in Clayton, Melbourne went on strike for six weeks before a UWU-brokered agreement included the inclusion of a new night shift, enabling the company to operate around the clock without incurring overtime penalty rates.

• In June 2021, around 80 workers at a General Mills food manufacturing factory in Western Sydney struck for three weeks only to be sent back with sub-inflationary annual pay-rises of 3 percent in the first year, then 2.75 percent and 2.5 percent in the following years, less than the meagre 3 percent claim advanced by the union during the strike.

• In December 2022 and January this year, around 70 food production workers at Pampas in Footscray, Melbourne, went on strike for four weeks. Despite mounting a determined fight, including repeatedly stopping trucks from entering and leaving the plant, the UWU agreed to an agreement involving a nominal annual wage rise of just 4.5 percent and largely toothless provisions on transitioning casual workers to ongoing positions.

At API, the UWU apparatus has emphasised the modesty of its wage demand. No effort is being made to make up for recently lost real wages. Workers received just 2 percent annual wage rises in the first two years of the pandemic when they continued essential work in dangerous conditions, risking contracting COVID-19 to ensure the continued delivery of essential medical items, including masks and COVID tests.

The UWU has now requested a 7 percent annual wage rise, amounting to just an extra $2.25 an hour. This is in line with the official inflation rate but below the actual hikes in prices for numerous essential items, with housing, groceries and electricity all recording double-digit annual percentage rises.

The UWU has also worked to promote illusions in the state and federal Labor governments. The bureaucracy welcomed to the picket last Friday parliamentarians Carina Garland and Gary Maas, who promoted Prime Minister Anthony Albanese's bogus proposals on the exploitation of labour hire workers (see "Australian Labor government's proposed labour hire reform will not stop rise of low-paid, insecure work").

API management appears to be aggressively refusing to make any concessions to the striking workforce. One worker told the *World Socialist Web Site* that last Thursday, when the strike was suspended for 24 hours, managers took workers in small groups into meeting rooms and asked them a series of questions about the industrial action, clearly attempting to intimidate them.

This approach reflects what is at stake for API's owner, Wesfarmers. The retail conglomerate has a workforce of more than 100,000, and last year boasted $36.8 billion in revenue and after tax profit of $2.35 billion. Wesfarmers acquired API through a $774 million takeover in 2022, as a central part of its drive to generate super profits in the healthcare industry.

Successive Labor and Liberal governments have degraded Medicare and privatised large swathes of the medical sector. As a consequence, Wesfarmers sees an opportunity to emulate Walmart's and Amazon's lucrative operations in the American healthcare industry. A feature article in the *West Australian* last week explained that Wesfarmers intended to be "a major player in growing markets worth $40 billion across wholesale and retail pharmacy, health, beauty, wellbeing and digital health." Wesfarmers Health chief executive Emily Amos told the newspaper: "We want to go as fast as we possibly can."

To ensure a successful fight for decent wages and working conditions, API workers need to take their struggle out of the hands of the UWU bureaucracy and elect a democratically organised rank and file committee. The strike's isolation needs to be urgently ended by workers reaching out to other sections of the working class confronting similar attacks on their living standards and jobs, beginning with other warehouse workers and Wesfarmers retail employees. The *World Socialist Web Site* encourages API workers to contact us and develop a discussion on the way forward.