

# Australian Pharmaceutical Industries workers' four-week strike shut down with no real wage gains

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23 July 2023

After four weeks on strike, workers at an Australian Pharmaceutical Industries warehouse at Melbourne's Dandenong South returned to work last Tuesday.

Following an unexplained delay, the United Workers Union (UWU) bureaucracy announced the strike's end on social media only last Friday afternoon. The post boasted of an "incredible" agreement that "secured life-changing terms and conditions."

The full agreement is not yet publicly available, and it is not clear whether it has even been finalised. One worker has told the *World Socialist Web Site* that he understands the exact terms of the new enterprise agreement will be worked out in the next fortnight.

Available details nevertheless belie the UWU's claims—the union reports an agreement involving a 7 percent nominal wage rise for the first year, 4 percent for the second year, then 3.5 percent for the third and fourth year. The first year wage deal is in line with the official inflation rate, yet as the UWU emphasised throughout, this is equivalent to just an additional \$2.25 an hour for most workers. The real cost of living surge being experienced is far higher than 7 percent, with prices rising significantly higher for basic necessities such as housing, electricity and groceries.

Under the proposed deal, API workers will remain lower paid than their counterparts in other warehouses. API is owned by one of Australia's largest companies, Wesfarmers. Bunnings, another Wesfarmers subsidiary, has its South Dandenong distribution centre just a few minutes away from the API warehouse—the current hourly rate for a Grade 1 entry level warehouse worker there is \$33.50. After the 7 percent pay increase at API, the Grade 1 rate will be \$32.80 per hour, i.e. 70 cents less. The API 7 percent increase for this grade is just

\$2.15 extra per hour, or \$77.40 extra per week before tax.

The reported four year total of 18 percent increased wages equates to 4.5 percent annually—only slightly higher than the original company offer of 15.5 percent over four years. In addition, beyond the first year wage adjustment, there is no cost of living clause tied to future inflation hikes. In the likely event that between 2024 and 2026 the world capitalist crisis triggers inflation surges higher than 3.5 to 4 percent, API workers will see further declines in their real wages.

The 7 percent pay increase for 190 workers will cost API approximately \$800,000 annually, equivalent to just 10 percent of the salary package of one person, Wesfarmers chief executive Rob Scott. The company, which enjoys intimate ties with the governing Labor Party, last year raked in more than \$2 billion in profits.

The details released so far clearly brand the agreement as a sell-out. The UWU bureaucracy is trying to enforce a deal that will do nothing to resolve the issues that motivated the strike. Instead, they are locking in even greater profits for the major corporate interests that control API at the expense of workers.

That underscores the need for a "no" vote in a ballot that must be held on the agreement. In the lead-up, workers should demand copies of the full agreement, adequate time to examine its contents and a mass meeting to discuss the terms.

Such elementary democratic rights can only be secured in a struggle against the union bureaucracy.

Already, the UWU has censored its Facebook page following its shut down of the API strike. One deleted comment stated: "7 per cent sounds good but the rest is just average increase. Does the 7 per cent even offset

the \$6k loss of wages for past month? Not over the life of the agreement it won't."

The UWU has said nothing about whether workers will be back-paid for the nearly month-long strike.

The only additional money announced is a one-off \$800 "COVID recognition" payment. This token amount comes after workers endured dangerous conditions in the initial phase of the pandemic, risking infection before vaccines were available, while receiving just 2 percent annual wage rises.

It is unclear how much, or rather how little, financial assistance the UWU provided striking workers. One worker told the WSWS that he understood that the union provided just \$1,000 in so-called strike pay. This would be consistent with previous disputes—in late 2022, workers at Pampas in Melbourne struck for four weeks and received only two payments of \$500 each. Meanwhile, senior UWU officials earn nearly a quarter of a million dollars a year and the bureaucracy sits atop \$90 million in cash reserves.

One API worker spoke with the WSWS about the cost of living crisis, explaining that his rent just increased from \$1,500 to \$1,800 per month—a rise nearly equivalent to the nominal wage increase imposed through the API-UWU deal. His landlord told him to pay it or leave. The worker said, "I can't even think about a holiday. My life is now just work, home, eat and sleep, then back to work."

At the start of the strike the UWU claimed they were fighting to get equal pay for casuals employed at API who get less than permanent employees. This claim was quietly dropped during the dispute. The union announcement of the end of the strike made no mention of labour hire casual workers. It did boast that the deal involved "permanent jobs for casuals who went out on strike"—but this is unlikely to affect more than a handful of workers. The vast majority of casuals, who have no job security, felt unable to forego a month's wages on the picket—at one point less than half the 190 strong API workforce were on strike.

The UWU has trumpeted "uncapped redundancies and payout of sick leave for all Dandenong DC workers made redundant."

Warehouse workers have legitimate concerns over redundancy and leave payout conditions amid an accelerating restructuring drive across the sector being driven by automation. For the UWU apparatus,

however, these are used as mechanisms to suppress any opposition to mass layoffs, and the development of any broader political movement that seeks to ensure the benefits of automation and other new technologies are secured by the working class rather than the major corporations. Wesfarmers is no doubt planning to emulate its competitors in slashing its wages bill by establishing fully automated distribution centres, which would see large scale sackings at API.

Lessons must be drawn from the UWU's attempted sell-out at API, the latest in a string of betrayals by the union.

Chief among them is that for workers to fight for their most basic interests, they need their own organisations independent of the union bureaucracy. Such rank-and-file committees should be established to develop the fight for a "no" vote as the first step in a broader offensive for genuine pay increases and improvements to conditions.

Rank-and-file committees are also the only means of linking up workers across API's operations. Throughout the strike, the UWU ensured increased production at API facilities elsewhere. And it is seeking to push through its Melbourne sell-out ahead of enterprise agreement negotiations covering the company's Brisbane facility.



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