

# Details of Australian Pharmaceutical Industries deal reveal union sell-out of warehouse workers

Paul Bartizan  
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Following a four-week strike, Australian Pharmaceutical Industries (API) warehouse workers in Melbourne have approved a union-management enterprise agreement that falls far short of their demand for a pay increase to meet current inflation and make up for previous cuts.

The United Workers Union (UWU) pushed the deal through after shutting down the strike by almost 200 workers on July 18, boasting of an “incredible” agreement that “secured life-changing terms and conditions.”

In fact, while the UWU had previously advanced a claim for 7 percent per annum, the deal includes nominal pay increases of 7 percent in the first year, then just 4 percent in the second year, 3.5 and 3.5 percent per annum in the third and fourth years. This is scarcely an improvement on the initial company offer, before the strike, of 5 percent in the first year, followed by 4 percent, 3.5 percent and 3 percent.

The agreement will also slash wages for casual workers—reducing the casual loading from 33 percent to 25 percent. This loading is meant to compensate casual workers for annual leave, sick leave and other entitlements denied to them. While the UWU boasted that 10 casual employees will be offered permanency as part of the deal, the union said nothing about this 6 percent cut that will almost entirely negate the first year pay increase for casual workers.

Workers will receive a miserly \$800 one-off “COVID appreciation” payment, less than one week’s missed pay, not even enough to make up for lost pay during the strike.

The 7 percent increase in the first year, while just above current official inflation, falls short of the real

rise in the cost of living and does not counterbalance the real wage cut delivered last year—a 2 percent “rise” when inflation peaked at around 8 percent. The lower figures in subsequent years of the new agreement lock workers in to what will likely amount to further cuts in real terms.

Even after the increase, API workers will remain lower paid than their counterparts in other warehouses. Bunnings, another Wesfarmers subsidiary, has a current hourly rate for a Grade 1 entry level warehouse worker of \$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 than Bunnings.

The vote to accept the API offer comes after workers were placed under pressure to accept the deal, which was heavily promoted by the UWU bureaucrats and their supporters in the pseudo-left organisations, as well as Labor Party parliamentarians who had attended the picket.

Steven Kwon, writing for the pseudo-left Solidarity group, bolstered the UWU claim that 7 percent was a major victory. Solidarity and Socialist Alternative acted as cheerleaders for the UWU bureaucracy during the strike, in opposition to the Socialist Equality Party’s call for workers to form a rank-and-file committee to win support from other workers outside the straight jacket that the union bureaucrats enforce against workers.

Kwon quoted UWU delegate Anna, who said “We were in the middle of making plans on next steps with the expectation that management would not budge, when word came back that management had conceded 7 per cent and full redundancy benefits.”

In other words, with workers still prepared to fight,

the UWU bureaucracy brokered a deal with management based on the minimum workers would accept. Kwon covered up what really happened in these behind-closed-doors negotiations, as was later revealed by UWU national secretary Tim Kennedy.

Interviewed by the *Australian*, Kennedy explained how the union sacrificed workers' wages and conditions to secure the "headline" 7 percent pay increase to sell it to their members. He admitted that the original claim for four yearly increases of 7 percent was an "ambit" claim. That is, the UWU was never going to fight for a substantial increase for API workers to make up for wage losses during the pandemic and ensure workers get pay rises pegged to inflation.

According to Kennedy, the final offer of 18 percent over four years was agreed, "accepting the company would drop its original offer to pay increases in line with the consumer price index if the inflation rate was higher during the final two years of the deal." Thus, the UWU was so desperate to get a headline figure to sell the deal that they sacrificed workers' potential future pay increases to keep up with inflation.

At the outset of the strike the UWU claimed that they were concerned to win equal pay for casual workers. But the UWU bureaucrats threw the casuals under the bus to get the "headline offer." The *Australian* noted "...the UWU said it failed to secure a step-up clause providing same job, same pay increases for agency casuals. As a compromise, API agreed to convert 10 existing casual workers to permanent employment."

Another key issue in this sell-out deal was over redundancy payments, with the facility likely to close within a few years. One worker told the *World Socialist Web Site* that the lease on the Dandenong South warehouse expires in four years and that discussion about a new highly automated facility in Tullamarine, some 60 kilometres away, is already underway.

Kennedy said, "we know this facility may close with long-term workers there and we wanted to make certain they had a secure redundancy payment so they had some dignity because they probably will not find work at that stage of their career again in that industry." Kennedy also noted that only a small number of workers would benefit from the improved redundancy provisions.

In other words, the UWU bureaucracy has concocted a deal with management to hand workers a few crumbs,

in an effort to prevent any opposition to the destruction of jobs as the company shifts to a new facility with greater use of automation.

API workers should take note of the fact that the UWU, as explained by its national secretary, will do nothing to defend their jobs when API closes the warehouse. That is because the UWU and all the unions defend the capitalist system, which dictates that automation be used to cut jobs and impoverish workers to increase profits. A case in point was the recent opening of the Coles automated distributed centre in Brisbane, that will see two existing warehouses closed and the workforce halved, all enforced by the UWU.

Under the control of workers, not wealthy corporations, technological advances including automation would mean easier, safer and shorter working hours for warehouse workers at full pay, not the destruction of their jobs. But this can only happen if workers challenge the capitalist profit system itself and turn to an alternative socialist perspective.

Rank-and-file committees of workers are the first step in developing a forum where workers can discuss strategies and tactics, independently of the union apparatus, and prepare a fight for their own interests.



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