

Smith's snack food workers strike in South Australia

Martin Scott
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More than 150 workers have started industrial action at a snack food factory in South Australia, owned by PepsiCo. The workers, covered by the United Workers Union (UWU) and several other unions, carried out rolling 4-hour stoppages across five shifts from May 8 to May 10, demanding pay parity with their counterparts in Queensland.

Union officials have raised that further industrial action may be called, but at this stage have resumed backroom talks with management, aiming at striking a “compromise” that does not deliver even the meagre demands put forward by the UWU. This, along with the union’s record of betrayal, is a warning that a sell-out is being prepared and will be imposed by the union bureaucracy unless workers adopt a new perspective and strategy.

The factory, located in Regency Park, an industrial suburb north of the Adelaide CBD, produces potato chips and other snacks, under brands including Smith’s, Doritos, Red Rock Deli, Twisties and Burger Rings. The facility opened in 1983 and was taken over by PepsiCo in 1998 as part of the acquisition of the Smith’s Snackfood Company.

Late last month, 97 percent of the Adelaide workers rejected the company’s offer of a 12 percent nominal pay rise over three years, far short of what is needed to catch up with the soaring cost of living over recent years. While UWU officials have described this as “insulting,” the union’s claim is scarcely higher, at 15 percent over three years, and would still leave workers worse off in real terms than they were in 2019.

The inadequacy of the union’s wage demand is exposed by its own calculations. The union stated that annual inflation in Adelaide over the past three years totalled 15.9 percent, while workers received pay “rises” of 2.6 percent per annum, “meaning workers’ real wages have fallen behind by more than 8 percent.”

What the UWU does not say is that these real wage cuts were imposed through a union-management enterprise bargaining agreement. The 2.6 percent pay “rises” were signed off by the UWU bureaucracy in February 2022, when the inflation rate had already reached 4.8 percent.

As a result, full-time Level 3 workers at the plant were paid almost \$5,200 less in real terms last year than in 2021. Over the past three years, they have received more than \$11,000 less than if their pay had increased in line with inflation.

If the UWU’s 15 percent over three year claim is awarded, and in the unlikely event that inflation stays at just 2.5 percent, Level 3 workers will still earn almost \$200 less in the final year of the proposed agreement than if their wages had matched the cost of living since 2022. At that point, they will have incurred a total real loss of almost \$17,000 over the course of two union-management agreements.

Moreover, official inflation figures are a major understatement of the soaring cost of living for workers. Since the last union-management agreement was pushed through at Regency Park, the median cost of buying a house or unit in Adelaide has increased by more than 43 percent to \$796,000, 12 times the annual wage of a full-time Level 3 worker at the factory. Average rent prices have risen by a similar amount.

The UWU is drawing attention to the pay disparity between workers at Regency Park and those making the same products at PepsiCo’s factory in the Brisbane suburb of Tingalpa. In fact, UWU-management deals at the Queensland facility have also imposed nominal pay “rises” well below the rate of inflation.

When the current three-year deal expires, it will have cost Level 3 workers at Tingalpa a total of more than \$3,000 in real terms. Currently, these workers are paid just \$1,409 per week (\$75,478 a year), or 83 percent of the national median full-time wage (as of August 2024).

That the wages of PepsiCo workers in South Australia are even more abysmal—\$1,266 a week (\$65,821 per annum) for Level 3—is an indictment of the perfidious role played by the UWU and other unions at the facility.

The UWU is framing the dispute as primarily one of equity between the two facilities in order to isolate the strikers in Adelaide and send a message to workers in Brisbane that they should be thankful for their supposedly “better” wages.

The union’s aim is to cover over the fact that workers at both factories have seen their already dire pay further eroded in real terms over recent years, despite working for one of the biggest corporations in the world.

PepsiCo is the world’s second-largest food and beverage business by revenue, and has a market capitalisation of more than US\$176 billion. The company reported an operating profit of US\$14.7 billion in the year ending September 2024, a 6 percent rise on 2023. Yet over the past year, the company has slashed more than 1,000 jobs in the US alone, including the closure of several entire production facilities.

To fight for real wage increases, restitution of past losses and improved conditions, PepsiCo workers in Adelaide need to take up a united struggle, not just with their counterparts in Brisbane, but around the world, including the 319,000 workers employed by the company, throughout the food production industry and more broadly.

But this is impossible within the framework of the UWU, which is determined to confine this dispute within the walls of a potato chip factory in suburban Adelaide, minimising the impact of further industrial action, including strikes, by ensuring that production and company profits continue elsewhere in the country.

This is because the UWU bureaucracy, like all other unions, serves as an industrial police force of management, suppressing workers’ opposition to company attacks on jobs, wages and conditions.

In November-December, more than 1,500 Woolworths workers, covered by the UWU, struck for 17 days, shutting down four of the supermarket chain’s warehouses in Victoria and New South Wales. They were demanding 10–12 percent per annum pay increases and an end to the punitive “Coaching and Performance Framework,” under which workers face disciplinary action and possible termination if they fail to meet arbitrary and ever-increasing benchmarks. But even before the strike began, the UWU leadership was working to sell it out, publicly declaring that the union would be

happy to push through a deal delivering pay rises in the vicinity of 4 percent per year.

In collaboration with management, as well as the federal and state Labor governments, the Australian Council of Trade Unions and the industrial courts, the UWU bureaucracy shut down the dispute, fraudulently claiming a “win” although none of workers’ demands had been met. The “Framework” remains in place, with token modifications, and the nominal pay rises in the deal are scarcely higher than company offers rejected by workers ahead of the strike.

To avoid a similar fate, PepsiCo workers need to wrest control of their struggle from the hands of the union bureaucracy. A rank-and-file committee must be built at the Regency Park facility, democratically run by workers themselves, and politically and organisationally independent from the UWU or any other trade union.

Through such a committee, workers can prepare a set of demands based on their actual needs and a plan of action through which to fight for them. This will necessarily involve an appeal to wider layers of the working class, across the food manufacturing sector and beyond, including at PepsiCo’s Brisbane factory, across Australia and around the world, who all confront similar attacks.

The fact that workers employed by one of the world’s largest companies are paid a barely liveable wage raises fundamental political questions. As long as production is controlled by big business and finance capital, workers will face an ever-deepening assault on their jobs, wages and conditions.

This underscores the need for a unified political struggle by the working class against the capitalist system and all its organs, including Labor and the trade unions.

The fight for decent wages and safe conditions at PepsiCo and throughout the food production sector is inseparable from the fight for a socialist movement, aimed at placing all major industries under public ownership and democratic workers’ control.



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