

Australia: Permanent jobs under attack at Smith's Brisbane chip factory

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Global food and beverage manufacturer PepsiCo is seeking to impose significant cuts to working conditions at its Smith's Snackfood factory in the Brisbane suburb of Tingalpa.

The multi-billion dollar company aims to slash already limited protections for permanent employment and step up its use of labour-hire working arrangements.

The attack on Smith's workers mirrors developments throughout the working class. As workers' cost of living skyrockets, corporations are slashing real wages, demanding ever greater productivity and imposing increasingly insecure forms of employment.

While no union has called a protected action ballot at Smith's, there is already a growing sentiment of opposition to the company's proposed assault on conditions among the factory's more than 400 workers.

The company's log of claims, which does not include a concrete pay rise offer, also contains measures that would give management the power to direct workers to take leave during a production shutdown, limit workers' right to accrue leave, require employees to give longer notice when quitting, eliminate the option to take time off in lieu of overtime, and combine two daily 10-minute breaks into a single 20-minute pause.

Claim two of the company's log demands the removal of a clause in the existing enterprise agreement requiring management to allocate shifts to permanent staff first, ahead of directly employed casuals and labour hire.

Claim four would "allow casual workers to operate counter-balance and stand up reach forklifts at Level 3." According to the existing agreement, casual and labour-hire workers can only serve as entry level production or warehouse operatives.

PepsiCo is trying to create the conditions where it can slash full- and part-time jobs and replace them with labour-hire workers, who lack many of the basic rights of permanent staff, such as sick leave and annual leave.

Most significantly, such workers have no guarantee of regular or ongoing employment, so the company is free to scale production up or down at will and immediately dismiss any worker who raises issues over conditions or refuses to comply with management demands for speed-ups.

While PepsiCo has made clear it is waging a war on job

security and workers' conditions, the response of the unions has been tepid and evasive.

Three trade unions have coverage at the plant. The Australian Workers Union (AWU) and United Workers Union (UWU) cover production and warehouse staff, while the Electrical Trades Union (ETU) covers maintenance workers.

While all three unions demand "no loss of current conditions," their specific claims on the central issue of labour hire are general and limited.

The UWU asks for "Smiths workers to be offered shifts before agency staff," that is, a requirement that is already present in the existing agreement, but systematically flouted by management without opposition from the unions, and which the company is now seeking to formally abolish.

The AWU merely issued the vague plea for the company to "Reduce reliance on labour hire and create more opportunities for permanent employees across the site."

Neither union's log of claims objects to the company's proposal to remove the requirement for only permanent staff to operate forklifts.

These meagre claims are in fact a tacit endorsement by the union bureaucracies of the continued use of labour-hire arrangements at PepsiCo and throughout the working class.

How were these highly exploitative practices allowed to come about in the first place? The unions signed off on them in previous enterprise agreements!

The ETU does not address the issue at all. While the section of the workforce it covers is not directly impacted by labour hire, the related issue of PepsiCo's use of contract tradespeople is also not addressed.

Moreover, by not opposing the company's attack on the majority of the workforce, the ETU bureaucracy is drawing a line of division between its members and the rest of the workers in the factory. This is no accident. One of the ETU's claims is for a separate enterprise agreement covering only maintenance workers, which would make this isolation permanent, weakening the industrial power of all workers at the plant.

On wages, the ETU is asking for 8 percent per annum increases and the UWU for 7 percent per annum. The AWU has not issued a concrete pay rise claim.

Taken at face value, the unions' pay rise claims are woefully

inadequate. Over the past five years, wages at Smith's have nominally increased by a total of 18.17 percent, while the Consumer Price Index (CPI) has risen 22.7 percent. This means even with an 8 percent pay rise, more than half of the nominal first-year gain will be eclipsed by inflation by the time it is awarded in September.

But the CPI only tells part of the story. For working-class families, particularly at the lower end of the income scale—a Level 3 Smith's worker currently earns \$1,451.51 per week—housing is by far the largest single expense. Since 2021, median apartment rent in Brisbane has risen 62.5 percent to \$660 per week. In 2021, an average unit in the city cost less than one third of a Level 3 Smith's worker's wage; now it is more than 45 percent, well beyond the generally accepted measure of “affordability.”

But the experience of workers in virtually every industrial dispute for decades says that these pay rise figures are “ambit” claims, far higher than what the bureaucracy will ultimately pressure workers to accept.

Tingalpa workers need only look to the experience of their counterparts in South Australia for an example. In May last year, workers at Smith's Adelaide factory took strike action in opposition to a 12 percent over three year nominal pay rise offer from the company.

The UWW, ETU and Australian Manufacturing Workers Union (AMWU) advanced a meagre demand for 15 percent over three years but soon called off the dispute, declared victory and pushed through a sellout deal containing a 13 percent pay rise over three years—barely more than the company's original offer.

The union bureaucracy engineered this defeat in part by isolating the workers. Workers at Tingalpa, who do the same job, for the same company, were not even told about the dispute. The UWW deliberately drove a wedge between the two factories, emphasising the higher base pay rates in Queensland to conceal the commonality of their struggle.

The same tactics have been employed time and time again in every industry by the union apparatus to impose the demands of management for cuts to wages, conditions and job security, in the name of increasing “productivity,” i.e., company profits.

To avoid yet another betrayal, Smith's workers need to take matters into their own hands. This means building a rank-and-file committee to direct the struggle, led by workers on the shop floor, not highly paid union bureaucrats. This committee must be open to all workers, permanent or casual, directly employed or labour-hire, union or non-union.

The limited demands advanced by the union bureaucracy will not resolve the growing social and cost-of-living crisis for workers, nor the company's open threat to their job security. What is needed are demands based on workers' needs and a plan of action through which to fight for them, including strikes and other industrial action.

As a starting point, these could include:

- An immediate 40 percent pay rise across the board, to recoup previous losses.
- Monthly cost-of-living adjustments to prevent further real wage cuts amid soaring inflation.
- No more labour-hire—secure jobs for all! All existing labour-hire workers to be offered direct employment, with no loss of hours. All casuals to be offered permanent positions after 6 months of service.
- No speed-ups! A safe workload clause, so production targets cannot be used to justify unsafe pace or unreasonable pressure.
- Workers must be paid on time, with penalties for management if wages are late or incorrect.
- All improvements to wages and conditions to be extended to all Smith's employees, including at the Adelaide factory and warehousing/distribution facilities across the country, and vice versa.

Corporations and their union bureaucrat allies enforce defeats on workers by dividing them up, factory by factory. The way forward is through a unified struggle—bringing Smith's workers together with those in other PepsiCo facilities, throughout the food manufacturing industry and beyond, across Australia and globally—against the onslaught on wages, conditions and job security confronted by workers everywhere.

The attack on Smith's workers is part of a broader offensive against the working class being waged by big business, aided by the union bureaucracy and spearheaded by the federal Labor government, which is slashing social spending and diverting vast billions to preparations for war.

This poses the need for a political fight against Labor and what it represents: the financial and corporate elite. The central issue that workers confront, in food production and every industry, is the domination of major corporations and their profit interests over the needs of the working class.



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