Australia: PepsiCo demands more real pay cuts at Brisbane Smith's crisps factory

Our reporters
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As part of a global cost-cutting offensive, food and beverage giant PepsiCo is seeking to impose further cuts to real wages and working conditions at its Smith's Snackfood factory in the Brisbane suburb of Tingalpa.

Aggressively, the management has announced a ballot to try to push through its demands without agreement from the three trade unions covering the more than 400 workers at the site, while counting on the union officials to stifle workers' anger.

Workers should vote No as a first step to fighting for better conditions and winning support from other PepsiCo workers nationally and internationally.

The management's move follows talks with the Australian Workers Union (AWU) and United Workers Union (UWU), which have production and warehouse members, and the Electrical Trades Union (ETU), which has members among maintenance workers.

Together with a factory at Regency Park in Adelaide, the Brisbane plant produces potato chips and other snacks, under brands including Smith's, Doritos, Red Rock Deli, Twisties and Burger Rings.

As well as workers' pay demands, the company has rejected virtually all the limited claims submitted by the unions, such as higher duties payments, limits on CCTV surveillance, a 30 percent night time shift allowance and allowances for workers' licences and tickets. The only concession is a first aid allowance of just $22.26 per week.

For now, aware of intense discontent, the company has withdrawn some earlier provocative demands, such as for the power to direct workers to take leave during a production shutdown.

It has dropped 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. But this clause has been systematically flouted by management without opposition from the unions.

Likewise, the company has retracted a proposal to remove the requirement for only permanent staff to operate forklifts, but this will not stop the expanding use of labour-hire arrangements at PepsiCo and throughout the working class.

For 2026 to 2029, PepsiCo is offering annual pay rises of just 4.5 percent, 3.75 percent and 3.75 percent, or 12 percent over three years. This is far below the soaring cost of living for workers, especially for petrol, food, mortgage payments and rents, fuelled by the US-led, Labor government-backed criminal war on Iran.

Over the past five years, wages at Smith's Tingalpa plant have nominally increased by a total of 18.17 percent, while the Consumer Price Index (CPI) has risen 22.7 percent.

Yet 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 is currently paid $1,451.51 per week, or about $70,000 a year—housing is by far the largest single expense.

According to the latest "Priced Out" report by Everybody's Home, a housing advocacy group, renting a mid-priced unit in Brisbane or any of Australia's capital cities now costs more than half a single worker's median take-home pay of $70,000. Over the past five years, median apartment rent in Brisbane has risen by more than 62 percent.

For workers paying off a mortgage, the situation is just as serious. Three central bank rate rises this year, endorsed by the Albanese Labor government, have cost an average homebuyer, paying off a $735,000 loan, nearly $4,000 a year.

PepsiCo's low wages are part of a drive to dramatically boost profits at the expense of its workers around the world, half of whom are in the United States.

For the 12 months ending June 30, PepsiCo generated a net income (net profit) of $US10.45 billion, representing a huge 38.4 percent increase year-over-year. PepsiCo maintains a Return on Equity (ROE) near 40 percent.

Following pressure from activist investor Elliott Investment Management, which took a $4 billion stake in the company, or 2 percent, PepsiCo embarked on a global efficiency drive. From late 2025, this included the company cutting its workforce from 319,000 to 306,000.

The latest cuts included 105 permanent jobs at its Main Street distribution and bottling site in Columbia, South Carolina, the shutting down of warehouse operations at its Skelly Drive facility in Tulsa, Oklahoma, laying off 184 local logistics and forklift operators, and production line closures at several locations, including two Frito-Lay plants in Orlando, Florida.

PepsiCo chairman and CEO Ramon Laguarta was paid $US28,814,759 in total compensation for fiscal year 2024, while the median PepsiCo employee was paid just $US53,551 that same year. That works out to a pay ratio of 538 to 1. PepsiCo's median employee would need to work more than five centuries to match what Laguarta made in a single year.

Tingalpa workers need to draw a warning from the experience of their counterparts in South Australia. In May last year, workers at Smith's Adelaide factory carried out rolling four-hour stoppages across five shifts after voting by 97 percent to oppose a 12 percent three-year nominal pay rise offer from the company.

The UWU, ETU and Australian Manufacturing Workers Union (AMWU) advanced a meagre demand for 15 percent over three years, claiming this would create parity with the workers in Brisbane. The unions 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 unions did not even tell the workers in Brisbane, who do the same jobs, about the dispute.

Now, in response to management's ballot in Brisbane, the AWU and UWU have not proposed any industrial action. Instead, they have told their members to just vote No, saying it might be possible to get a little more from the company without taking any action.

As part of the enterprise agreement at Tingalpa, union representatives sit on a Joint Consultative Committee with management, committed to increasing "efficiency" and "flexibility." Like similar clauses in other union agreements, this makes the unions collaborators with management.

Last week, a worker at the Adelaide plant told a *World Socialist Web Site* campaign team that UWU members want to quit the union because it does not fight for them and does not even respond to their calls for assistance. Another said some workers were working 60 hours a week to survive. That is happening in Brisbane as well.

To avoid another sellout, 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.

This committee would draw up demands based on workers' needs and a plan of action through which to fight for them, including strikes and other industrial action. Such demands 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 labour-hire workers to be offered direct employment. All casuals to be offered permanent positions.
- No speed-ups! A safe workload clause, so production targets cannot be used to justify unsafe pace or unreasonable pressure.
- All improvements to wages and conditions to be extended to all PepsiCo employees, including at the Adelaide factory and internationally.

The way forward is through a unified struggle—bringing Smith's workers together with those in other PepsiCo facilities throughout the food industry and beyond, across Australia and globally—against the onslaught on wages, conditions and jobs.

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 bureaucrats and spearheaded in Australia by the Albanese Labor government, which is slashing essential social programs, like disability services, and diverting billions of dollars into preparations for war.

The fact that workers employed by one of the world's largest companies are paid barely liveable wages 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 conditions.

This poses the need for a political fight against the Labor government and the interests it represents—those of the financial and corporate ruling class. 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.

To discuss these issues, contact the Industrial Workers Rank-and-File Committee.

To contact the WSWS and the Socialist Equality Party visit:

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