

# Australian workers locked out by pharmaceutical company

By Peter Byrne  
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Around 150 warehouse workers have been locked out of their workplace in the eastern Melbourne suburb of Rowville since March 5. Their employer, Sigma Pharmaceuticals, said it would lift the lockout at the end of today but is still demanding a new enterprise bargaining agreement (EBA) involving significant concessions on night shift and other penalty rates.

The *Australian Financial Review* last Friday described the dispute as a “landmark struggle over whether penalty rates will be paid on night shifts.”

Workers have maintained a 24-hour picket during the lockout, which has been closely monitored by police. Picketing workers told the *World Socialist Web Site* that the police threatened to deploy the Special Operations Group riot squad against them if any vehicles were prevented from entering and leaving the premises. Casual workers have continued to work as normal during the lockout.

The lockout follows strike action organised by the National Union of Workers (NUW), which covers the permanent employees. Workers struck on February 23-24 and again on March 1-2 after negotiations broke down between the union and Sigma management for a new EBA. The previous one expired last October.

Sigma supplies over 4,000 pharmacies in Australia. In 2010 it began a restructuring operation under new management, following a collapse in profits and share price. Its drug manufacturing arm was sold to South African Aspen Pharmacare for \$900 million, leaving only its distribution operations. During the past two years, the company has closed facilities in the Melbourne suburbs of Laverton, Croydon, Dandenong and Clayton, consolidating its warehousing at Rowville. Sigma was heralded in the financial press for its subsequent turnaround, last year reporting a half yearly profit of \$26.7 million.

The company is now seeking to align working conditions at its Rowville warehouse, its largest in Australia, with those in its interstate facilities. In Queensland, for example, the latest EBA worked out between the company and the NUW established a multi-tier system of shift times and penalty rates, involving poorer conditions for new hires and less experienced workers. New employees’ ordinary hours are from 5 a.m. to 6 p.m., Monday to Saturday, whereas those who started before August 2008 are 6 a.m. to 5 p.m., Monday to Friday. This arrangement allows the company to cut its wages bill by restricting Saturday and evening work to new hires.

At the Rowville warehouse, the standard shift is now eight hours, and there is no night shift. Sigma is demanding that ordinary hours, from 5 a.m. to 7 p.m., be extended to Saturdays as well as weekdays. The company wants to increase the standard shift to 10 hours, cutting the overtime rates paid by up to two hours for each shift. It is also seeking to cut night-time penalty rates for workers on the afternoon shift (3 p.m. to 11 p.m.). Workers currently receive a 15 percent penalty wage rate for their entire shift, but management wants to eliminate the penalty for the four hours between 3 p.m. and 7 p.m.

Sigma is further seeking to cut the two rostered days off a month for full-time workers to just one. In return for all these concessions, the company is offering a wage increase of just 3 percent a year, which is less than the rate of cost of living increases.

Workers on the picket explained that many are permanent part-time who work six hours a day, including women who work these hours so they can be at home after their children finish school. They fear that the company’s proposals will see only the most “flexible” workers hired, driving out those with family

commitments. Many expect that if the company gets its way on the new EBA, more casual workers will be hired instead of permanent staff.

The Sigma dispute is only the latest in a spate of lockouts. The Labor government of Prime Minister Julia Gillard is orchestrating a far-reaching restructuring of the Australian economy. Its draconian Fair Work industrial laws are being used to bludgeon workers into accepting wage cuts, productivity speedups, and the elimination of penalty rates and other workplace conditions won through previous struggles—all to boost corporate profits and “competitiveness.”

Last year, Qantas grounded its fleet and threatened to lock out its workforce, prompting the Gillard government to intervene via its Fair Work Australia industrial tribunal, which banned all industrial action by Qantas workers. The government’s move gave Qantas the green light to proceed with its off-shoring plans unhindered. Since then, lockouts have been imposed or threatened against POAGS dock workers, Victorian nurses and several factories, including the Schweppes plant in Melbourne.

In every case, the trade unions have played the critical role in assisting the employers’ provocative manoeuvres. The NUW is now working to break down the resistance of the Sigma Pharmaceuticals workers and reach agreement on a regressive new EBA. The union has already overseen the substantial erosion of wages in other states, including the introduction of second and third tier conditions for newer workers.

In Victoria, the NUW has an established record in selling out locked-out workers. In January last year, the union sent cold storage workers at JBS Swift’s Brooklyn meatworks back to work after agreeing to the company’s main demands, including overtime and penalty rate concessions and a wage rise of only 2 percent. The workers, mostly immigrants, had been locked out for six weeks over the Christmas and New Year holiday and were given no regular strike pay by the union. To cover up the sell-out, the NUW and other unions organised a so-called community picket on the final days of the lockout, with Australian Council of Trade Unions President Ged Kearney among several senior bureaucrats making an appearance.

Again promoted by the NUW, Kearney visited the Sigma picket last week. Her involvement in the dispute

ought to be taken as a serious warning by the locked-out workers. Sigma workers need to break out of the straitjacket imposed by the unions, form their own independent rank-and-file committee and turn out to other sections of workers facing similar attacks. A unified industrial and political campaign means a fight with the Labor government and its antidemocratic, pro-business industrial laws. This can only succeed on the basis of a new, socialist and internationalist, political perspective.

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