

# Australian tram workers strike in Melbourne, but unions push real wage cut

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Around 90 striking workers are picketing the East Preston Tram Depot in northern Melbourne over a new enterprise agreement (EA) on wages and conditions. The picket at the Downer Group site, which is refurbishing 450 of Melbourne's trams, has been underway for two weeks.

The previous four-year agreement covering the workers expired last March. Downer's first offer was just 2.5 percent per year for each of the next three years. On Monday last week, the company increased its offer to 4 percent, 3 percent and 3 percent. This still represents a substantial real wage cut. Australia's official inflation rate is forecast to reach nearly 8 percent later this year, though actual costs of living affecting the working class are significantly higher than this.

Last Friday, Downer promised a \$1,000 signing bonus, in an attempt to ram through its regressive offer. At the same time, however, the company is attempting to claw back other entitlements. This includes eliminating a travel pass that allows workers to use public transport, which is worth about \$2,500 for a worker annually.

Work at the site is divided evenly between four trades—painters, electricians, boiler makers, and mechanical fitters. The striking workers are represented by three unions, the Rail, Tram and Bus Union (RTBU), Electrical Trades Union (ETU) and Australian Manufacturing Workers Union (AMWU). The unions' demand is for a 5 percent pay rise—still a real wage cut. The difference between the company and the unions, in other words, on the issue of base salaries is only over the scale of the real wage reduction.

The unions have also called for a 36-hour week (down from 38 hours) and nine-day fortnight (down from 10 days), and an increase in overtime rates, from

150 percent to 200 percent.

The East Preston depot is the site of a seven-year, \$230 million project to overhaul and refurbish 450 of Melbourne's older trams (Z, A, B and D classes). The state Labor government granted the fleet refurbishment contract to Downer in 2018. After the expiration of the initial four year "greenfield" agreement, a final agreement is needed for completion of the project.

Downer Group is a diversified transport, engineering and mining services company with over \$12 billion in revenue, over 50,000 employees and operations in Australia and New Zealand. It owns 49 percent of Keolis Downer, which has a government contract for Yarra Trams to run Melbourne's tram network, the largest in the world.

The tram refurbishment project reached its halfway point in November 2021. At that time, Downer CEO Grant Fenn (annual salary more than \$3 million) said the work completed was "a testament to our skilled team of more than 130 people at East Preston."

With the supply chain crisis, Australia is experiencing a surge in material costs which is affecting manufacturing and construction industries. A total of 16 home construction firms have collapsed since 2021, due to fixed price contracts. Downer and other manufacturing companies will be facing similar pressures, with workers' wages now targeted to maintain profit margins.

*World Socialist Web Site* reporters spoke with several workers on the picket line. One told the WSWs that inflation was surging: "Interest rates are going up half a percent every month and that's going to push up rent, higher bills and more pressure on households," he explained. "All of us are getting below the inflation rate. Under inflation we're getting a wage cut."

Another worker, who has been on the project since it

commenced, said: “We just want the equivalent of what Yarra Trams are getting down the road, since we do the same work. We want a 36-hour week and a nine-day fortnight. Downer have said no to both of those things. They’re offering below the average.”

He noted, “Any dollar they pay less to the workforce goes to profits.”

When asked why the unions were demanding a nominal wage rise less than inflation, he said: “We should get cost of living increases, but we’d be happy with 5 percent. Obviously to get more would be nice, but at the same time we don’t want to be greedy. We just want what’s fair. We also want respect. We’ve been given two shitty offers and we want just what’s fair.”

The worker explained that Downer has other industrial agreements that are due to expire, and management is seeking to set a precedent “I know that’s why they [the company] are trying to go hard on us,” the worker explained, “because once our agreement is decided then Newport [rail workshop] and Pakenham [rail depot] are up next.”

Even though the struggle at East Preston directly affects the fate of other workers at the company, the unions are blocking any unified action.

The unions have allowed the breakup of awards and contracts over the past 40 years so each site now has a separate agreement, even within the same company. The unions supported the passage of the Fair Work Act under the Rudd Labor Government in 2010 which severely restricted the right to strike and take other industrial action and instituted severe penalties for any breach of its provisions. This has allowed corporations to negotiate each EA one factory, depot or warehouse at a time while small groups of workers must fight for their interests in isolation.

The role of the unions as an industrial police force was openly expressed when a union official tried to stop WSWS reporters from speaking to workers. The RBTU official declared: “You come here to play politics. We don’t need that. We’re a united workforce here. We don’t need you putting wedges between us.”

In reality, it is the trade unions that are dividing different sections of the working class confronting similar attacks to their wages and conditions like those confronted by the East Preston strikers. As for “playing politics,” the unions are intimately tied up with the

Labor Party, now in government at the state and federal levels, and defend its anti-working class politics and policies.

During the federal election in May, the unions ran an extensive campaign blaming the previous Coalition government for the stagnation in wages and promoted illusions that a Labor government would improve conditions. Only a week after coming to power, however, the new government of Anthony Albanese suddenly “discovered” a budget crisis and insisted that workers “had to make sacrifices.” The meaning of “sacrifice” is that company profits must be protected through real wage cuts and austerity budget cuts.

The unions’ role at East Preston and elsewhere demonstrates that workers have to take matters into their own hands. The Socialist Equality Party calls on tram workers to form their own rank-and-file committees independent of the trade unions that can link up in a joint struggle with other sections of workers nationally and internationally on the basis of a socialist perspective.



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