

# Union-Coles attack on Smeaton Grange workers in Sydney: A blueprint for closures and mass sackings

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Workers at Coles Smeaton Grange warehouse in southwestern Sydney are today voting on a sell-out enterprise agreement being pushed by the United Workers Union (UWU) that would provide for the closure of the facility and the destruction of most, if not all, of the 350 jobs there.

The Socialist Equality Party (SEP) has called on workers to reject the agreement and launch a political and industrial struggle against the union betrayal, including through the formation of independent rank-and-file committees. This must be aimed at defending all jobs, and preventing the shutdown of the Smeaton Grange warehouse.

In a statement last week, the SEP warned that if the UWU were able to impose a defeat on the workers at Smeaton Grange “it will be a green-light for the major corporations and their accomplices in the unions to deepen the offensive against workers’ jobs, wages and conditions everywhere.”

This warning is underscored by the fact that Coles’ bid to close Smeaton Grange, and replace it with an automated warehouse, is part of a restructuring across the company’s operations.

Throughout the Smeaton Grange dispute, which has involved a company lockout spanning more than two months, the UWU has sought to cover up the fact that the scheduled closure of that facility is only the first in a series of planned shutterings. The UWU-Coles operation at Smeaton Grange is intended to establish a blueprint for plant closures and mass job destruction throughout Coles.

In late 2018, Coles announced it would spend at least \$700 million over five years, a figure since scaled up to \$950 million, to “modernise” its distribution system. The restructure was unveiled in the context of the growing automation of the warehousing and logistics sector, and Coles’ ongoing competition with its chief rival Woolworths for market dominance. Only months earlier, Woolworths outlined its own plan to retool its warehousing and distribution channels.

This restructuring is driven by powerful financial interests. Coles’ announcement coincided with its \$20 billion demerger from its then parent company Wesfarmers, which still retained a 15 percent stake in the business and jointly manages the lucrative “Flybuys” loyalty program. Executives from both companies boasted that the spin-off would “set up Coles as a very successful company.”

Coles has remained tight-lipped on the breakdown of expenditure associated with the overhaul. In 2018, however, company representatives indicated that at least \$100–\$150 million was earmarked for the winding down of existing warehouses, including redundancy provisions for laid-off workers and payments to exit leases.

Coles executives responded to questions about the scale of the spending by declaring that it would result in a significant increase in productivity and a reduction in expenses over the long-term. At the centre of this drive to boost profits is a bid to reduce labour costs through the establishment of automated facilities that will require fewer workers.

Coles wants to be rid of workers at existing facilities, who have job permanency, years or decades of experience, including in industrial disputes, and who have signalled throughout the Smeaton Grange lock-out their determination to fight company attacks. In their place, Coles wants to establish small, casualised workforces, which can be compelled to accept further restructuring, and that can be hired and fired at any moment.

The centrepiece of the plan is the closure of five warehouses across New South Wales (NSW) and Queensland and their replacement with two automated facilities, to be operational by 2024.

In Sydney, the plants earmarked for shuttering are Smeaton Grange, which employs 350 workers, and the Eastern Creek National Distribution Centre in western Sydney, staffed by at least 700 permanent and casual workers. Another 250 jobs are to be destroyed at Coles’ warehouse in the regional NSW town of Goulbourn. Two

warehouses in Brisbane, the state capital of Queensland, are also to be closed. Those Heathwood and Forest Lake facilities employ more than 1,000 staff.

Workers at Coles' Somerton warehouse in Melbourne have told the WSWS that they are also facing the sack as a result of automation.

In other words, all up, 2,200 or more jobs are on the chopping block.

The two new automated warehouses in Queensland and NSW are set to be ready in 2023. They are being constructed by German firm Witron, which has been involved in similar automation projects across Europe and in the United States. Coles has yet to publicly indicate how many workers will staff the new facilities, or the terms of their employment, but has promised investors a substantial reduction in labour costs.

This drive is part of a global revamp of the logistics and warehousing sectors. Companies everywhere are adopting the model associated with Amazon, involving streamlined distribution networks, heavily-automated warehouses, and super-cheap labour sourced from contracting agencies.

This is a full-scale restructuring of the entire industry—Woolworths and Coles are carrying out almost identical operations. Woolworths is preparing to shut four warehouses at Minchinbury and Yennora in Sydney, Wyong on the NSW Central Coast and Mulgrave in Melbourne.

In their place will be just two automated facilities in the Sydney suburb of Moorebank. All 1,300 workers in the existing warehouses are facing the sack, with Woolworths saying the Moorebank operation, set to open in 2025, will require just 650 workers. Woolworths has indicated it has set aside \$176 million to cover redundancies.

The broader context of the Smeaton Grange dispute demonstrates that the UWU is seeking to enforce a mass job cull that will devastate thousands of working-class families, deprive young workers the prospect of permanent full-time work and further entrench low-paid, casual employment.

From the outset, the union signalled that it accepted the closure of Smeaton Grange and the destruction of the jobs there. It claimed only to be fighting for “fair redundancies.” The union has isolated the workers throughout the lockdown, refusing to organise actions at any other Coles or Woolworths facilities. It has sought to starve workers out, by refusing to provide strike pay.

Now, the UWU is trying to push through a return to work on company terms and on the basis of essentially the same agreement that Smeaton Grange workers have voted down on six previous occasions.

The UWU has dispensed with its blather about a “just transition to automation.” Its proposed agreement does not provide for any Smeaton Grange workers to be redeployed

to the new facility, and the redundancy provisions are the same inadequate terms that Coles offered early in the dispute. They are capped at the equivalent of 80 weeks' service, so many workers will be denied recompense for years or even decades of employment.

This is a warning to all Coles and Woolworths workers. What is being done to Smeaton Grange workers, the union will next seek to carry out against you.

The sweeping assault on warehouse workers demonstrates the need for a rebellion against the UWU and the development of new organisations of struggle, including rank-and-file committees, throughout the sector. Workers everywhere must come to the aid of their class brothers and sisters at Smeaton Grange, to prevent the union setting a precedent for mass job destruction.

Industrial action must be prepared throughout the Coles and Woolworths warehousing, distribution and supermarket operations, against the closures. This is a political fight not only against the company managements, but also the government, Labor, the unions and the draconian Fair Work Australia industrial legislation that they all use to threaten and intimidate workers who take any action. It can only go forward through the development of a political movement of the working class as a whole.

This requires a new perspective. Under capitalism, automation is used to slash costs and drive down the conditions of workers. But developments in productivity could be used to lower working hours, without any reduction in pay, and provide improved conditions. That will only take place, however, if the banks and the corporations are placed under public ownership and democratic workers' control, to meet social need, not private profit. That is the fight for workers' governments and socialism.



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