

Behind the warehouse lockdown in Australia: Coles and the corporate restructuring offensive

Mike Head
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Australian supermarket and retail chain, the Coles Group, last week “indefinitely” extended the three-month lockdown of workers at its Smeaton Grange warehouse in southwestern Sydney. This is part of an attempt by Coles, one of the country’s largest companies and employers, to satisfy the dictates of the global financial markets, which are demanding higher investment returns and share prices.

The most immediate objective of the extension of the lockdown is to starve workers into accepting a sell-out deal, pushed by the United Workers Union (UWU), that would result in the closure of the facility and the destruction of most, if not all, of the 350 jobs there. In a critical stand, the Smeaton Grange workers voted on February 2 to reject the company-UWU agreement.

It is increasingly clear that the lockdown is a spearhead of a broader corporate and government offensive to exploit the COVID-19 pandemic to accelerate the decades-long assault on the jobs and conditions of the working class.

In a company video last week, Matt Swindells, the Coles Group’s chief operations officer, praised the UWU for seeking to impose Coles’ demands, castigated workers for their repeated rejection of the sell-out and denounced “extremist” and “anti-union” socialists, i.e., the Socialist Equality Party and the *World Socialist Web Site*, for upsetting the company-UWU operation.

Swindells declared: “The only people who have an alternative plan are the extreme socialists who have infiltrated this dispute. They’ve got their voices in the ears of people, and they’re suggesting this wider agenda of taking on big business and the banks.” He warned that the “anti-union” socialists were seeking to extend the dispute to other Coles warehouses, which are also scheduled for closure and replacement by automated facilities.

Swindells not only revealed the collaboration of the UWU with the company. He identified the real forces driving the confrontation: “big business and the banks.” In fact, the Coles Group itself represents big business and the banks. It epitomises the financial elite’s grip over the entire Australian and global capitalist economy.

For the Coles Group to be fronting the broader corporate assault on workers is no accident.

In the first place, with a current market capitalisation of \$24 billion, the Coles Group is the 18th largest company listed on the leading Australian share index, the ASX200. It was de-merged and sold off in 2018 by what was then the country’s biggest retail conglomerate, Wesfarmers, which remains the 10th biggest company listed on the ASX200.

Secondly, Wesfarmers divested itself of Coles Group because, as it

informed the sharemarket, it was no longer satisfied with the rates of growth and profits it could derive from the group. Wesfarmers cut Coles loose, meaning that the Coles management had to embark on a drastic cost-cutting and restructuring operation in order to survive.

Initially, Wesfarmers retained a 15 percent share in Coles but has since sold down its holding to 4.9 percent. The other two large shareholders are now BlackRock (5.48 percent) and the Vanguard Group (4.08 percent). These are two of the three most massive US investment funds, often referred to as “shadow banks,” which control \$15 trillion in global assets between them.

These ruthless operators only invest on the basis of extracting the highest rates of return, through the continual ratcheting up of the exploitation of workers’ labour power.

The Coles Group

Besides operating one of the country’s two largest supermarket chains, the Coles Group owns Coles Online, Coles Express petrol stations, liquor store networks, hotels and a financial services operation, which includes insurance and credit cards, and jointly owns the FlyBuys business. The group boasts of nearly 120,000 employees. It is Australian capitalism’s third largest private employer, behind Wesfarmers and its main rival retail giant, Woolworths.

The Coles Group board of directors personifies the wealthy elite, with its interlocking financial interests. The chairman, James Graham, was a director of Wesfarmers, and chairman of Rabobank Australia Limited, responsible for the Dutch financial giant’s operations in Australia and New Zealand.

Steven Cain, the Coles Group managing director and CEO, was previously CEO of the South African-owned Metcash supermarket and convenience store business and earlier the Grocery Trading Director of the Walmart-owned Asda Stores in Britain during what the Coles Group’s website describes as Asda’s profit “turnaround.”

For his services in 2019–20, according to the Coles Group annual report, Cain was paid just under \$7 million in cash and share allotments, mostly tied to his performance in generating profits and driving up the share price. That remuneration is approximately 140 times an average warehouse worker’s wage of \$50,000 a year.

David Cheesewright, another director, also has a Walmart connection. Until 2018, he was president and CEO of Walmart

International, “which comprises Walmart’s operations outside the United States, including more than 6,200 stores and over a million associates in 27 countries.”

Two other members of the Coles Group board, Paul O’Malley and Wendy Stops, are directors of the Commonwealth Bank of Australia, the country’s largest bank. O’Malley was previously CEO of BlueScope Steel, a BHP spin-off, and before that CEO of TXU Energy, a subsidiary of TXU Corp based in Dallas, Texas.

As chief operations manager, Matthew Swindells is not a board member but part of the “executive leadership team,” in charge of operations across the whole group. He earlier was CEO of Tasman Meats, a private equity-owned meat retailer. His remuneration package in 2019–20 totalled \$2.35 million, or about 47 times a warehouse worker’s pay.

In the words of the Coles Group website, Swindells supervises “end-to-end management of Store Operations, Supply Chain and Procurement as well as leading the business on the automation strategy with Witron and Ocado.” Witron is a subsidiary of WITRON Logistik + Informatik GmbH, a German-based manufacturer of automated distribution centres, and Ocado is a British-based firm specialising in robotic warehouses.

Such technology opens up tremendous possibilities for reducing back-breaking work in warehouses, planning logistics more exactly and boosting productivity. Under socialism, that is public ownership and democratic workers’ control, these developments would be used to improve the wages and conditions of all workers while cutting working hours. But under capitalism, this technology means the destruction of workers’ jobs and conditions for the sake of private profit.

Coles’ “transformation plans”

CEO Cain reported to the Coles Group annual general meeting on November 5, just two weeks before the company imposed its lockout, that the company’s “vision” aimed to “grow long-term shareholder value” and its “strategy” is “all about changing at pace, efficiency and innovating for the future.” He reported with pride that shareholder return had been lifted to a staggering 32 percent.

An annual net profit of \$978 million was recorded in 2019-20, drawn from revenue of \$37.7 billion, but that is regarded as only the beginning of what the company must produce to satisfy the likes of the huge investment funds BlackRock and Vanguard.

Cain said the management had accelerated its “transformation plans” as soon as the COVID-19 pandemic erupted. Coles had established “pop-up distribution centres” within “a matter of days” last March. These were part of a “Smarter Selling Strategy” to reduce costs by \$1 billion.

Clearly, however, the highly-casualised “pop-ups” were also in preparation for confronting the workers at Smeaton Grange and elsewhere who resisted the elimination of their livelihoods. With the full knowledge of the UWU, months before the lockout, the company created the capacity to impose lengthy shutdowns of any warehouse where workers threatened to take industrial action.

This “strategy” was no doubt discussed with Prime Minister Scott Morrison’s government at the highest level. In chairman Graham’s report to the Coles Group annual general meeting, he emphasised that

the company was working closely with the government via the COVID-19 Supermarket Taskforce “initiated” by Home Affairs Minister Peter Dutton.

Graham further noted that management had made “considerable progress on our two step out technology commitments,” with “automated distribution facilities” in Sydney and Brisbane and “two highly automated customer fulfilment centres in Melbourne and Sydney.”

Coles, which began as a cheap variety store in 1914, has long been a feature of Australia’s ruling establishment. During the 1980s, amid the economic restructuring conducted under the Labor Party government of Bob Hawke, it acquired liquor store networks, low-cost fashion chains and the department store chain, Myer, forming Coles Myer. Hawke opened the Coles Myer corporate headquarters in Melbourne in 1987.

Two decades later, faced by the decline of department stores, Coles sold Myer in 2006 and was in turn acquired by Wesfarmers in 2007. By 2018, however, Wesfarmers regarded the Coles Group as a drag on its investment returns and offloaded it.

This reality confirms that the struggle of the locked-out Coles workers does mean “taking on big business and the banks.” As the SEP explained in its January 27 statement calling for a rejection of the UWU sell-out at Smeaton Grange: “The struggle is not just against one company management, but the entire profit system.”

That is why the SEP calls on all sections of the working class to take up this fight and come to the aid of their class brothers and sisters at Smeaton Grange. In every industry, workers face the same cost-cutting offensive and the same political issues, including the need for a break with the trade unions and the formation of new independent organisations of struggle—an interconnected network of rank-and-file committees.

This is a political struggle against the union apparatuses and all the official political parties, including Labor and the Greens, that enforce the requirements of the financial oligarchy.

As the SEP pointed out: “The only alternative is the fight for a workers’ government and for socialism. The banks and the corporations, including the huge retail chains Coles and Woolworths, must be placed under public ownership and democratic workers’ control. The wealth of the billionaires should be expropriated. The social needs of the majority, including a permanent, full-time job with decent pay and conditions, must be the governing principle of society, not the profits of a tiny minority.”



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