Australia: Coles gloats over mid-year profits as Smeaton Grange lockout continues

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In a video posted online last weekend, workers were treated to the nauseating spectacle of Coles CEO Steven Cain and Chief Operations Officer Matt Swindells congratulating one another on the company's recently announced half-year profits of more than $500 million, and hailing their "progress" in a far-reaching restructure.

The conversation was conducted in the corporate jargon that is favoured by the top levels of company management. In the course of little over four minutes, the word "team" was used on almost too many occasions to count. In the peculiar language of business speak, employees are referred to as "team members."

Both executives insisted that after customers, their "team members" were Coles' most important "stakeholder." Cain explained that management wanted "team members" to submit "their ideas on how we can make this business better." Swindells added that they could participate in "team member circles," "as a way of channelling those ideas back to the centre."

Cain was pleased to report that morale was high among these "team members." "Of course, the nice thing is that team engagement is very good," he said.

This will all be news to the 350 workers at the company's Smeaton Grange warehouse in southwestern Sydney. Their "engagement" with the company has involved being locked out without pay for more than three months, as Coles seeks to permanently close the warehouse, destroy their jobs, and force them to accept the lowest redundancy and wage provisions that it can get away with.

Cain's assessment may also be a surprise to the 1,700 or more workers, who are next in line for the scrapheap, as Coles seeks to shutter four other warehouses across the country.

Workers will likely also have noted the sharp contrast between Swindells' upbeat and cheery tone, and his demeanour in other recent screen appearances.

After the Smeaton Grange workers rejected a sell-out agreement in an official ballot on February 2, Swindells appeared in a video informing them that the retribution for defying company demands would be an indefinite extension of the lockout.

Swindells furiously condemned workers who had called for a "no" vote, describing them as "deeply unhelpful and enormously irresponsible." He denounced "extremist anti-union socialists," i.e., the WSWS and the Socialist Equality Party, for campaigning against the sell-out and for seeking to develop a "wider agenda of taking on big business and the banks."

In a follow-up video, Swindells again hectored workers opposed to the deal, and told employees that they would not receive a wage until they ratified the sell-out.

That Swindells and Cain were able to tout "very good team engagement," given this recent record, is the product of two factors.

Firstly, the top levels of management are part of a corporate and financial elite that is completely indifferent to the social hardships and crises that its insatiable drive for profit creates for workers. The Coles managers inhabit a different world to their "team members." According to Coles 2020 annual report, Swindells received remuneration totalling more than $2.3 million last financial year, Cain pocketed almost $7 million.

Secondly, Coles management is able to gloat, engage in unseemly self-congratulations and declare that the restructuring will proceed, because of the role being played by the United Workers Union (UWU).

At Smeaton Grange, the UWU has isolated the workers, refused to organise actions at any other Coles facilities and rejected calls that it provide strike pay. The union is trying to force workers to accept a sell-out deal that would give the company everything that it wants. This has been publicly acknowledged by Swindells, who hailed the UWU and defended it from the exposures of the WSWS, the same time he was denouncing workers in his February 10 video.

The video of Cain and Swindells showed concretely what the UWU has done for Coles. By suppressing any struggle against the restructure, the union has ensured that the company has had one of its best "performances" in recent years.

Coles net profit, for the half-year that ended in December, was $560 million, up 12.1 percent. Shareholder dividends increased by 10 percent.

Cain and Swindells pointed to two interrelated factors in Coles' increased profitability: the COVID-19 pandemic, and the implementation of the company's sweeping restructure, announced in 2018.

The coronavirus crisis drove an increase of sales by 8.1 percent. Like every other aspect of Coles' activities over the past year, this was completely dependent on the UWU. The union supported the designation of Coles employees as "essential workers," which has allowed the company's operations to proceed unhindered throughout the pandemic.

According to workers at one of Coles' Melbourne warehouses, for instance, there was a substantial COVID-19 outbreak at the facility infecting up to 30 workers last August. Those struck by the illness and their "close contacts" were placed into isolation, but the warehouse continued running without pause.

A worker told the WSWS: "Those left behind had to do 12-hour shifts for six days a week," and that management, without opposition from the union, brought in large numbers of casuals from a labour hire firm.

Coles also used "panic buying" as the pretext for the establishment of "pop-up" warehouses to cope with increased demand. According to workers, they are primarily staffed by low-paid casuals and the union has ignored calls from workers for a struggle against their operations, which are clearly aimed at driving down wages and conditions throughout the sector. When the Smeaton Grange workers were locked out, the work done there was immediately transferred to the "pop-up" sheds.

In other words, Coles, with the assistance of the union, has exploited the pandemic to intensify its restructure. Dubbed the "Second Century" strategy, this involves slashing costs by a billion dollars between 2018 and 2023.

The centrepiece is the closure of Smeaton Grange, the Eastern Creek National Distribution Centre in western Sydney, the Coles warehouse in the regional New South Wales town of Goulburn, and the Heathwood and Forest Lake facilities in Brisbane. They are all set to be replaced by two automated warehouses, one in Brisbane and the other in Sydney, that will employ far fewer workers. The closures are to be enforced by the end of 2023, with the new facilities operational in 2024.

Coles is seeking to dramatically reduce its costs as part of an ongoing war for market dominance with its chief rival Woolworths. In 2018, Coles was demerged from its parent company Wesfarmers, on the explicit basis that its operations would need to be overhauled to drive up returns for its biggest shareholders, which now include BlackRock and Vanguard Group, two of the largest US investment firms.

The Coles overhaul has the character of a race with Woolworths to be first to reap the benefits of warehousing developments in automation. Woolworths is carrying out an almost identical restructure, over the same time scale, aimed at shuttering four facilities. At the same time, both companies are seeking to shore up their effective duopoly against third players, such as Aldi.

Cain warned that Coles would experience "headwinds" as a result of a decline in high COVID-19 related buying. It was essential, he stressed, for "Second Century" to proceed "at pace." In comments to the *Australian Financial Review*, the CEO predicted that $250 million of the savings would be made in 2021.

This is a warning to warehouse workers across the country. Coles is clearly planning a rapid closure of Smeaton Grange that would be followed swiftly by the shuttering of the other warehouses and mass job destruction.

The stakes demonstrate the crucial importance of the struggle at Smeaton Grange. This fight must develop into a broader movement of workers throughout Coles, Woolworths and the warehousing sector as a whole.

That requires a complete break with the UWU, the establishment of independent rank-and-file committees controlled by workers themselves, and plans for coordinated industrial and political action across different warehouses.

This is a political fight against Coles, the government, Labor, the unions, and the Fair Work laws they use to prevent any collective action. It requires a socialist program, aimed at placing Coles and Woolworths under public ownership and democratic workers' control, so they are operated to meet the needs of workers' and of society, not the profit demands of a tiny corporate elite.