Australian prime minister hails opening of highly automated grocery warehouse

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Late last month, Prime Minister Anthony Albanese attended the opening of one of the largest and most highly automated grocery warehouses in Australia, at Redbank near Ipswich in the state of Queensland.

Albanese hailed the "extraordinary centre," claiming it would create 320 "permanent jobs, secure jobs here in Queensland." The reality is that the facility is part of a $1 billion investment in job-cutting technology by Coles, the second-largest supermarket chain in Australia.

Once Redbank and a second automated distribution centre (ADC), to be opened next year in Kemps Creek, New South Wales (NSW), are both operational, Coles will close five existing warehouses in the two states, slashing thousands of jobs.

This capital expenditure is, in effect, already paid for, through Coles' "Smarter Selling" cost-cutting initiative, which is on track to save the company $1 billion over the four years ending this June. As well as cuts on the logistics side, this has involved slashing retail jobs, including through the stepped-up rollout of self-service checkouts.

The Redbank ADC will supply 219 Coles supermarkets across Queensland and northern NSW. It will automatically process four million cases (32 million individual products) per week, twice the capacity of other Coles warehouses. Only 10 percent of products will be touched by human hands, from delivery into the warehouse by suppliers through to automatic loading onto trucks for distribution to supermarkets.

The 34-metre high, 66,000 square metre ADC uses German company Witron Logistik + Informatik equipment. The Redbank facility is the largest of the 93 ADCs around the world using this technology.

Albanese declared that the warehouse was "a great example of investment in new technology and investment in Australia … in order to boost productivity, boost efficiency, lower costs, therefore lower prices and make a difference for people going forward."

The prime minister's claim that lower costs for Coles will reduce prices for customers is a lie. Coles is seeking to increase its profitability and gain a competitive advantage over its rivals, Woolworths, Aldi and Metcash.

This is clearly expressed in the financial reports of the major supermarkets. Ongoing cost-slashing measures have not been used to cut shelf prices, but to increase profit margins. This process has been accelerated by increased demand during COVID-19 lockdowns in the early stages of the pandemic, shortages of fresh produce due to floods and surging inflation.

In the second half of last year, as the price of groceries and other basic essentials soared, Coles increased its gross margin by 0.43 percentage points to 26.5 percent and recorded a 10.6 percent rise in before-tax earnings to $991 million.

Woolworths, the other half of Australia's supermarket duopoly, recorded a 0.48 percentage point gross margin increase to 30.7 percent and $1.439 billion half-yearly earnings before tax, 18.2 percent higher than in 2021.

Like Coles, Woolworths is looking to slash labour costs through the increased use of automation, with a target of $135 million in annual savings.

The company is currently building two sophisticated new distribution centres in Moorebank, southwest Sydney, replacing three warehouses in Minchinbury and Yennora in Sydney, as well as Mulgrave in Victoria. The new facilities will be staffed by around 650 workers, less than half the number employed in the closing centres.

Similar developments are taking place throughout the logistics sector.

Amazon's 200,000 square metre Kemps Creek distribution centre, opened in April 2022, currently dispatches 100,000 parcels per day but has capacity for many times that amount, despite employing just 1,000 people. This is possible because of the facility's autonomous mobile robots (AMRs), which transport products from the four-storey warehouse, containing 20 million different lines, to workers for packing.

Major investment is also underway in the transport of goods. Four massive intermodal hubs are being built along the east coast of Australia to reduce freight costs. The $4 billion Moorebank Intermodal Terminal will automate the transfer of shipping containers between trucks and trains.

Darren Searle, CEO of LOGOS, which owns the Moorebank site, explained, “You can get a box from a ship onto a train, delivered to Moorebank into a distribution centre. And then you can get it delivered from the distribution centre to the interstate terminal and delivered interstate and it doesn’t touch a set of hands.”

Albanese’s endorsement of the move by Coles to slash its labour budget is entirely in line with the Labor government’s broader pro-business agenda. When Albanese and Treasurer Jim Chalmers declare that wage growth must be linked to productivity increases, they mean that the only way workers will see even a minimal increase in real pay is through the destruction of jobs and conditions.

Standing alongside Albanese, Coles CEO Steven Cain said, “The jobs that are in here are much more likely to be tech-based as opposed to manual-based, … There’s probably a similar number of people on site to a [standard distribution centre]. However, it’s doing twice as much.”

In other words, productivity has doubled, cutting the overall workforce required in half. Coles warehouses at Heathwood and Forest Lake in Queensland, as well as Eastern Creek, Goulburn and Smeaton Grange in New South Wales will be closed, destroying around 2,000 jobs.

Albanese’s public celebration of the new Redbank facility demonstrates Labor’s support for similar profit-driven, job-slashing, restructuring operations to be carried out across all industry sectors.

Coles’ Smeaton Grange warehouse was the site of a bitter dispute in 2020–2021, in which management locked out the entire workforce for more than three months. Aware that the facility was slated to close within a few years, workers demanded improved redundancy pay as well as a wage increase.

Any struggle by workers against the closure of the plant itself was blocked by the United Workers Union leadership, which insisted from the outset that the destruction of hundreds of jobs was inevitable.

Even the UWU’s meagre claim to be fighting for “fair redundancies” was a lie. The union starved workers out with no strike pay and kept them cut off from the rest of the working class. This brought the workers, who were determined to fight, into conflict with the UWU bureaucracy, repeatedly voting down the virtually unchanged union-management offers, even after the union declared the dispute over.

Eventually, the UWU was able to push through a sell-out deal, but the incipient rebellion of workers against the bureaucracy was taken as a warning by the union, management and the political establishment. The ruling class fears that, as the deepening cost-of-living crisis drives growing numbers of workers to take industrial action, the union apparatus will be unable to keep them under control and prevent the emergence of a broader struggle.

This is the role that unions have played for decades, as an industrial police force of management and governments, shutting down workers’ demands for action and delivering “orderly closures” of workplaces or even entire industries, with no fight to defend jobs. The unions defend the capitalist system, under which every technological development is used to erode workers’ jobs, wages and conditions.

This underscores the need for workers to establish new organisations of struggle, rank-and-file committees, democratically controlled by workers themselves. Such committees will serve as a means for workers to link up with their counterparts throughout warehousing, logistics and more broadly, across the country and around the world, to prepare the necessary fightback against the union- and Labor-backed assault on the working class.

But above all, it poses the necessity for a new perspective, diametrically opposed to the nationalist and pro-capitalist program of the unions, along with Labor and the entire political establishment.

The developments in productivity are in and of themselves progressive, stemming from advances in technology and the collective labour of workers around the world.

The issue is that under capitalism, a society based on private ownership of the means of production and the profit motive, such advances are used to worsen the conditions of working people, not to improve them.

The developments in productivity have created the foundations for an alternative, a higher form of social organisation, under which the immense technological developments would be harnessed to meet human need.

Automation could be harnessed to shorten working hours—without reducing pay—and eliminate onerous tasks, while also increasing productivity, to meet the needs of all. This would free up precious hours for workers to engage in leisure and cultural activities, profoundly improving quality of life.

But that means a fight for socialism, under which the major corporations, such as Coles, together with the banks, would be under public ownership and democratic workers’ control.

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