David Jones collapse threatens thousands of jobs as Australian retail crisis deepens

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Department store chain David Jones, one of Australia's oldest and best-known retailers, went into receivership on November 5, threatening the jobs of more than 6,000 workers in Australia and New Zealand. The collapse is part of a deepening economic crisis of soaring prices, rising interest rates and mounting retail closures.

The 188-year-old retailer's board appointed McGrathNicol as administrators, while lender Hilco appointed FTI Consulting as receivers and managers. All 38 stores—37 in Australia and one in Auckland—are still trading while the receivers examine restructuring and sale options, but there are strong indications that most, if not all, locations will be shuttered.

The aim of any sale will be a stripped-down operation built around the profitable flagship stores in Sydney and Melbourne's central business districts and wealthy suburbs, while outer suburban locations are closed. The most widely reported estimates are that up to 26 stores will be shut down, with five loss-making Westfield locations—Parramatta, Hornsby, Carousel, Woden and Southland—identified as likely initial targets.

A circular to employees from FTI Consulting, reported by Workplace Express, said "it is likely there will be steps to reduce the retail footprint in the near-term." It also warned that workers who are made redundant or resign "may need to wait a period of time" for entitlements accrued during the receivership. Payment will depend on asset sales whose timing "is uncertain."

Hilco, owed more than $200 million according to AAP, has its loan secured against David Jones' stock. Suppliers have been told that debts owed before November 5 depend on the outcome of the administration. Brands including Gucci, Saint Laurent and Oroton stripped their concessions in David Jones stores within hours of the announcement, leaving bare shelves.

The immediate trigger was a breakdown in negotiations between the retailer's owner, private equity firm Anchorage Capital Partners, and Scentre Group, the Westfield operator that is landlord to 17 of the 38 stores. Scentre said David Jones had paid no rent since September 30. The talks centred on store closures and rent cuts.

But the collapse into administration is the culmination of a protracted decline, marked by successive changes of ownership and mounting losses. Woolworths Holdings bought the business in 2014 for more than $A2 billion. Just eight years later, private equity firm Anchorage Capital Partners snapped it up for just $100 million.

Private equity firms scour the globe for opportunities to extract the highest possible returns, slashing costs, stripping assets and offloading businesses that fail to deliver the profits demanded by investors. The consequences of such operations are invariably borne by workers through job destruction and attacks on wages and conditions.

The department store chain recorded a pre-tax loss of $74.1 million in 2023–24, followed by a $95.5 million loss in 2024–25.

Various explanations have been advanced for David Jones' demise, including the growth of online shopping and the decline of traditional department stores. The chain has also been particularly vulnerable to the widening gulf between the wealthy and the rest of the population. Its traditional customer base has been squeezed by falling real incomes and soaring living costs, while it has struggled to compete with exclusive luxury retailers catering to the richest layers of society.

Whatever the precise weight of these factors, the collapse of David Jones is part of a broader crisis engulfing the retail sector, amid a deepening economic slump and mounting attacks on workers' jobs and living standards.

On November 3, two days before David Jones went under, the Reserve Bank of Australia raised interest rates for the fifth time this year, to 4.85 percent, the highest level since 2008. The aim, fully endorsed by the federal Labor government, is to slow the economy and drive up unemployment, to impose downward pressure on wages.

Indeed, official unemployment rose to 4.7 percent in September, its highest level in nearly five years, with 732,000 people out of work, up 55,200 over the year.

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The Australian Bureau of Statistics reported that annual inflation reached 4.3 percent in September. The RBA now forecasts that inflation will not fall below 3 percent until late 2027. Meanwhile, wages nominally grew by an average of just 3.2 percent over the year ending in the June quarter, far below the inflation rate.

This comes on top of the cumulative effect of years of high inflation and real wage cuts. The real value of wages is at the same level as in 2011, but living conditions are far worse, largely because the cost of housing has more than doubled.

This wage offensive has been spearheaded by Labor governments at state and federal level, through punitive real wage cuts throughout the public sector, rammed through with the assistance of the trade union bureaucracies, in the face of determined struggles by workers.

The soaring cost of basic goods and services has hit non-essential spending hard. Among mortgage holders, 31 percent told a Finder survey they had cut discretionary spending because of rate rises.

Department store spending rose just 1.7 percent over the year to September, well below inflation, according to the Australian Retail Council. Electronics chain JB Hi-Fi reported a 1.4 percent drop in sales in the September quarter, while hardware giant Bunnings also reported slowing sales growth, the *Australian Financial Review* reported.

David Jones' closest rival, department store chain Myer, recorded a $276.5 million statutory net loss for the 2026 financial year.

David Jones is the largest casualty in a wave of retail collapses. Footwear chain Betts entered administration in July and announced the closure of 20 of its 35 stores, followed by six more under a rescue deal. Barbeques Galore collapsed in February and was placed into liquidation, with all 62 company-owned stores earmarked for closure. Womenswear retailers Cue and Veronika Maine fell into administration in September, with 26 stores to close.

This follows a decade in which collapses and restructures have destroyed thousands of retail jobs.

In January 2016, Dick Smith Electronics went into receivership owing about $400 million. Unable to find a buyer, they closed almost 400 outlets in Australia and New Zealand, destroying around 3,000 jobs.

Department store chain Harris Scarfe entered administration in December 2019, a month after private equity firm Allegro Funds acquired it. Some 500 jobs were slashed and 22 locations shuttered, before the Spotlight Group bought what remained.

Vacuum cleaner retailer Godfreys entered administration in January 2024, leading to the closure of all its 141 stores.

Fashion group Mosaic Brands, owner of Noni B, Rockmans and Rivers, collapsed in October 2024 and ceased trading in April 2025. More than 3,000 jobs were destroyed.

The Shop, Distributive and Allied Employees Association (SDA), which covers retail and warehouse workers at David Jones, is working with management to ensure the mass destruction of jobs proceeds smoothly. The union's November 5 statement declared its "top priority" to be "maximising the number of ongoing jobs." That wording accepts in advance that jobs will be destroyed.

The SDA called on the administrators and the company to "make the most" of the "peak Black Friday and Christmas shopping season," the "most profitable time of year for retailers." In other words, the union leadership is vowing to keep its members on the job in the short term to help the receivers rack up funds to pay its major creditors, while workers' jobs and entitlements hang in the balance.

This collaboration with management and the liquidators—whose aim, in the event that the chain is not shut down entirely, is to slash jobs and completely restructure the business to cut costs and drive up profits—is the opposite of what workers require.

Workers need their own organisations to discuss the threat, establish common demands and coordinate action across stores and distribution operations.

Rank-and-file committees, democratically controlled by workers and independent of the union apparatus, should demand full disclosure of the company's financial position, oppose closures and redundancies, and insist on payment of all wages and entitlements.

The need for rank-and-file committees extends throughout the retail sector, where workers face mounting job destruction, closures and attacks on wages and conditions. Such committees must be established at Myer, Coles, Woolworths and across retail and logistics, to unite workers in a common struggle against these attacks, including internationally through the International Workers Alliance of Rank-and-File Committees.

The collapse of David Jones is just the latest demonstration that the capitalist system, hurtling from one crisis to the next, is incompatible with the needs of society.

The Socialist Equality Party fights for an alternative perspective: A workers' government to place major corporations, including retailers, as well as the banks, under democratic workers' control and ownership. Only then can economic life be organised around social need rather than private profit.

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