

Australian retail giant to cut jobs, wages

By Eric Ludlow
9 July 2019

Woolworths, one of Australia's two major supermarket chains, announced last month the largest restructure to its store layout and staffing since 2011.

The move will affect thousands of managerial staff at the company's 1,000 stores across the country. While some stores in the state of New South Wales have adopted the new structure already, the roll-out is expected to be completed by September.

The announcement came amid a protracted slump in retail, reflecting a broader downturn in the Australian economy. In June, the National Australia Bank declared that the sector was "clearly in recession," and that sales figures were worse than during the 2008-09 global financial crisis.

Citigroup last month warned that Woolworths' modest earnings forecasts could be downgraded in August, stating that "store profits may fall because store-based sales growth is running below underlying store-based cost growth." The retail chain is in a cutthroat competition with its rivals such as Coles for markets and profits.

The company has responded to growing pressures by offloading its alcohol and gaming divisions this year, and expanding its focus to online sales. At the same time, it is pressing ahead with the restructure of its supermarket operations.

The main retail, fast food and warehousing trade union in Australia, the Shop, Distributive and Allied Employees' Association (SDA) and the Retail and Fast Food Workers Union (RAFFWU) are seeking to suppress widespread opposition to the job destruction.

The restructure will condense delicatessen, butchery and seafood counters; and dairy, eggs, pre-packaged meat, branded bread and meal solutions into only two departments.

Woolworths has claimed that staff numbers across its stores will not be reduced. It has allocated \$10 million to retrain staff for "redeployment" into other roles.

They will likely be moved into part-time or casual employment, however, with significantly lower wages. Workers who do not accept the new roles or cannot be trained for redeployment will be forced into redundancy.

Workers were given just weeks to apply for new roles or for redundancy. In some cases, they were given less than seven days.

The SDA has said that the restructure will force thousands of department managers—who earn \$60,000-70,000 a year—to move into an assistant team manager role, resulting in a pay cut of up to \$30,000.

Josh Cullinan, secretary of the RAFFWU, says an average of 10 managerial roles will be made redundant in each Woolworths store (or about 10,000 nationally), with about seven or eight new manager roles available for which workers can apply.

Cullinan stated that this will result in "about 2,000 to 3,000" current managers "being only offered effectively a store team member role."

The unions are doing nothing to oppose the job losses.

The SDA lodged a dispute against Woolworths with the Fair Work Commission (FWC), the federal government's pro-business industrial tribunal, over the restructure.

At the same time, the SDA has signalled its support for the overhaul, issuing a statement that "encourages all members to apply for a new role. Our priority is to secure ongoing employment for SDA members."

In an email sent to Victorian members, SDA state secretary Michael Donovan claimed that the backroom dealings of the union with the FWC and Woolworths were aimed at giving workers more time to consider new roles, ensuring that redundancies are voluntary, and wage rates are maintained.

However, in a later email, Donovan revealed that workers would only be given an extra few days to

make decisions about taking new roles or redundancies.

The attempts by the unions to force through the restructure are in line with their role as the industrial policemen of company management. The SDA, like its counterparts in other industries, has a lengthy record of slashing wages, conditions and jobs.

In 2012, an enterprise agreement between Woolworths and the SDA resulted in up to 60,000 supermarket employees being underpaid tens of millions of dollars. It has imposed similar sweetheart deals at major fast food outlets and throughout the retail sector.

For its efforts, the union officialdom has been handsomely rewarded by the major corporations. In 2015-16, Woolworths transferred almost \$5 million to the Queensland branch of the SDA, to cover union dues.

The unions are also seeking to impose 450 job cuts at the Melbourne head office of Coles, Woolworths' largest competitor.

A shop floor worker at Woolworths spoke with the WSWS about the restructure. "I am not affected yet. At the moment it seems as if they need us workers on the shop floor," she said.

"But the issue is that they are setting a precedent—they haven't said that we won't be targeted with the same redundancies and wage cuts. Big businesses have the power, the money. They can just get away with it.

"They say it's about 'freshness' and the 'customer experience.' It's just a nice way of saying 'we want more money.'

"Some managers aren't very good, but some are really great at what they do. Woolworths are not targeting ones that are performing badly or treat staff badly. They are saying that, no matter who you are or how many years' experience you have, your job doesn't exist anymore.

"The union said that they were not told about it. We all know that the unions are in bed with Woolworths and Coles, so we expect that they will make some noise, but then just agree to disagree with Woolworths and it will be business as usual for the corporations. They say that they're worried about it, but the unions are always saying that.

The worker spoke about the impact of the sackings, stating: "It's done in such a way that it is thrown at us.

It's not a process. You can't just dump it on people and expect them to have a new job in one week. I know managers with mortgages, babies, families."

The role of the unions makes clear that a struggle against Woolworths' restructure can only proceed through a rebellion against these thoroughly corporatised organisations.

New organisations of struggle, including rank-and-file committees, are required to break the isolation imposed by the unions and to coordinate a political and industrial offensive of all warehouse and retail workers.

Above all, the assault on workers' jobs and conditions underscores the need for a new political program to fight for a workers' government and socialist policies that would place the banks and major corporations, including Woolworths and Coles, under public ownership and democratic workers' control.

Woolworths employees and other workers interested in discussing this perspective should contact the WSWS today.

To contact the WSWS and the
Socialist Equality Party visit:

<http://www.wsws.org>