Who owns Australia’s Woolworths and what is driving its offensive against workers?

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More than 1,500 Woolworths supermarket and liquor distribution centre workers have been on an indefinite strike since last Thursday at three warehouses in Victoria and one in New South Wales.

They are standing up against a pitiful wage offer from the company, the largest corporate employer in Australia, and increasingly draconian and unsafe working conditions. Their strike raises decisive questions for the entire working class, not just in Australia but internationally.

The warehouse workers are in a struggle against a corporate giant, owned and controlled by huge investment and superannuation funds. They also confront the Albanese Labor government and its partners in the trade union hierarchy, on which the government is relying to prevent a wider breakout by workers against the imposition of a worsening cost-of-living and affordable housing crisis.

In the current enterprise bargaining process with the United Workers Union (UWU), the company has offered these workers only nominal pay increases of 3 to 4 percent per annum, far short of what is needed to keep up with the soaring cost of living for working-class households or make up for previous losses.

As well as ongoing wage-cutting, the Woolworths warehouse workers are opposing the onerous and dangerous conditions associated with the company’s “Coaching and Productivity Framework” introduced early this year. Under the system, workers are constantly monitored and must complete all tasks within times set by management, or face disciplining and possible sacking.

This speed-up is part of an attempt by Woolworths, one of Australian capitalism’s largest stock exchange-listed companies by revenue, to satisfy the dictates of the world financial markets which are demanding higher investment returns and share prices.

Behind the Woolworths offensive

The Woolworths Group Limited operates in an effective duopoly with its main rival, the Coles Group. Together they control about two-thirds of Australia’s grocery market, extracting massive profits at the expense of both workers and customers.

The Woolworths conglomerate runs the largest supermarket chain in Australia and New Zealand. It employs over 201,000 workers across its warehouses, supermarkets and other enterprises, which includes the Big W low-price merchandising chain.

As of June 2024, Woolworths operated 1,734 retail outlets: 1,111 Australian supermarkets and Metro convenience stores, 188 New Zealand supermarkets, 178 Big W stores and 257 Petstock Retail shops.

The group reported a net profit after tax in 2023-24 of $1.71 billion, down slightly from $1.72 billion the previous year, although higher than the $1.25 billion garnered in 2019-20.

That is not enough for the Australian and international finance houses that own and control the group. Woolworths’ share price has fallen by more than 10 percent since it peaked in 2021 during the first phase of the COVID-19 pandemic.

According to the Simply Wall St investment web site, Woolworths Group’s ROE (Return on Equity) of 2.1 percent is “rather low” and “pretty disappointing” when compared to the industry average of 14 percent.

Like its duopoly partner, the Coles Group, Woolworths is substantially controlled by the world’s three largest US-based investment funds, BlackRock (6.43 percent of Woolworths shares), State Street Corporation (5.06 percent) and the Vanguard Group (5 percent).

These huge outfits, referred to as the “Big Three,” control over $US24 trillion in global assets between them, more than many governments. They scour the world for the highest returns on investment and can thus hold sway over large companies, governments and entire economies. Their priorities, which include privatising infrastructure, dominate the global financial markets.

Themselves interlocked by mutual shareholdings, the “Big Three” represent the growing concentration of corporate power on a global scale. The combined assets of BlackRock, Vanguard and State Street account for about 82 percent of the US S&P 500’s market capitalisation. They have almost quadrupled their collective ownership stake in the 500 largest US stock exchange-listed companies over the past two decades.

Their Woolworths shares are mostly held through other ruthless banks and financial operators, notably HSBC Custody Nominees (24.91 percent of Woolworths shares), JP Morgan Nominees Australia Pty Limited (17.30 percent), Citicorp Nominees Pty Limited (8.30 percent) and BNP Paribas Nominees (5.42 percent).

These banking and finance houses epitomise the financial elite’s growing grip over the entire Australian and global capitalist economy. Because they invest on the basis of extracting the highest rates of return, they drive the continual ratcheting up of the exploitation of workers' labour power.

There is one difference between Woolworths and Coles. On the Woolworths list of "substantial shareholders," the three global finance giants are joined by Australian Super Pty Ltd, whose holding recently increased from 5 to 6 percent.

Australian Super is one of the joint employer-union superannuation funds initially established under the Keating Labor government in the 1990s to more fully integrate the union bureaucrats into the ruling financial elite.

Top union officials, including UWU national president Jo-anne Schofield, sit as board directors on Australian Super and other funds that control nearly $4 trillion in assets, mostly derived from compulsory workers' contributions, as well as investment returns.

These arrangements give union bosses a direct financial interest in driving up the profits, and thus dividends and share prices, of the entire financial sector based on the exploitation of the labour power of the workers they supposedly represent.

The evolution of Woolworths typifies the rising power of finance capital

The company began in 1924 as a privately-owned merchandise store business but has been constantly restructured to chase higher investment returns. That was especially so after being acquired in 1989 by Industrial Equity Limited, a consortium of Adelaide Steamship Company, David Jones Limited and Tooth & Co. In 1993, Industrial Equity floated Woolworths on the Australian share market in what was then touted as the biggest initial share offering in Australia's history.

Since then, Woolworths has been a vehicle for buying and selling retail, grocery delivery, hotel, poker machine, technology, online marketing, data analytics, pharmacy, venture capital and media enterprises. During 2023-24 alone, the group incorporated or gained control of about 100 corporate entities and deregistered some 25.

Among its major moves, in 2004-05, Woolworths moved into the hotel gambling industry, acquiring thousands of lucrative poker machines that suck out millions of dollars a year from mostly working-class patrons. In 2020, it purchased a 65 percent stake in foodservice distributor PFD Food Services, giving it greater control over food supplies.

Woolworths' board of directors

Woolworths has a board of nine businesspeople with long records as bankers, lawyers and corporate CEOs, headed by chairman Scott Perkins, a former Deutsche Bank executive. Perkins is also chair of Origin Energy and a director of Brambles, illustrating the interwoven character of corporate boardrooms.

Another example is Maxine Brenner, whom the annual report describes as having "extensive corporate advisory experience, particularly in mergers and acquisitions and corporate restructures." She is a former banker and corporate lawyer who is also on the boards of Origin Energy and Telstra Group. Previously, she was a director of Orica Limited, Growthpoint Properties Australia Limited and Qantas Airways Limited.

Tracey Fellows, another board member, is also a director of digital real estate marketer REA Group Ltd and Hemnet Group AB, a Swedish property platform. Her previous posts included president of Global Digital Real Estate for News Corp, executive general manager of Australia Post, "leading transformation and integration for delivery of physical and digital mail for customers," president of Microsoft Asia Pacific and CEO of Microsoft Australia.

These figures of the corporate elite inhabit a different world to warehouse and supermarket workers. Outgoing CEO Brad Banducci officially took home nearly $4 million in 2023-4.

This board is escalating the restructuring of Woolworths, particularly by introducing huge Amazon-style highly automated warehouses. According to the annual report: "Our NSW [New South Wales] Supply Chain Transformation, the largest individual capital commitment by Woolworths Group to date, continued during the year with the important milestone of practical completion on our Moorebank NDC during the year."

The Moorebank National Distribution Centre and Auburn Consumer Fulfilment Centre, both in Sydney, were expected to open in 2025 with a Moorebank Regional Distribution Centre opening in 2026. All were described as "major automation projects."

Automation and AI advances, which could lessen workloads, improve safety and boost workers' incomes, are being used instead to do the opposite.

This record underscores the reality that the Woolworths workers are in a direct struggle not just against the company but the financial oligarchs and the forces, including the Labor government and the union officials, that enforce their rapacious requirements.

This demonstrates the necessity for the fight for workers' governments and for socialism. The banks, financial funds and corporations, including the huge retail chains, must be placed under public ownership and democratic workers' control. The wealth of the billionaires should be expropriated. The social needs of the majority of people, including a permanent and safe job with decent pay and conditions, must be the governing principle of society, not the profits of a tiny minority.