

Submission
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**INQUIRY INTO IMPACT OF TECHNOLOGICAL AND
OTHER CHANGE ON THE FUTURE OF WORK AND
WORKERS IN NEW SOUTH WALES**

Organisation: Woolworths Group Limited

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other change on the future of work & workers
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Introduction

The Woolworths Group is a diverse group of retail businesses and brands across Australia and New Zealand, including Woolworths Supermarkets and Metro stores, Dan Murphy's, BWS and BIG W. The first Woolworths store opened in 1924 and today the Group currently operates more than 3,600 retail sites and hotels in Australia, including a footprint of more than 1,000 supermarkets.

After 96 years of operation, the Woolworths Group is Australia's largest private sector employer, with approximately 200,000 employees. Woolworths Supermarkets, including Metro stores, employ more than 80% of this workforce. The Group's annual wage bill in Australia alone is close to \$8 billion. Last year, Woolworths paid \$688 million in income tax, equivalent to an effective annual tax rate of 30%. In addition, we are proud to partner with many thousands of local farmers, producers and manufacturers to sell more than 100,000 different items, and with a customer touchpoint of more than 27 million customer interactions every week.

The Future of Work

At the beginning of February this year, Woolworths announced plans to invest \$50 million over the next three years to help equip our team with new skills and capabilities for the retail industry of the future.

Around the globe, retail is changing at the fastest pace we've seen in many decades. Technological advances in automation, predictive analytics, AI and cloud computing are making core retail processes much faster and more efficient than ever before.

While these changes push our industry forward for the better, driving improved customer outcomes, they are also changing the nature of the day-to-day work many of our people do. Over time, our team members will do fewer manual and repetitive tasks, and more work that requires judgment, creativity and interpersonal skills. That's an exciting prospect on many levels, but it also creates uncertainty. As Australia's largest private employer, we want to lead on this transition and play a role in designing opportunities so that team members are not left behind by the inevitable wave of change.



The Woolworths Future of Work Fund will help upskill, reskill and redeploy team members impacted by industry disruption and technological change. It will also underpin the launch of an online learning platform to offer team members easily accessible training, apprenticeship and mentoring support across Australia.

The key technical focus areas for training will be in digital, data analytics, machine learning and robotics, with further investment planned for advanced customer service skills, team leadership and agile ways of working. This will allow team members to learn new skills and capabilities for other roles in our business or seek specific training to launch a career outside our business.

The Fund is expected to support training for more than 60,000 Woolworths team members over three years across its store and e-commerce operations, supply chain network and support offices. Over the coming months, the Fund will formalise partnerships with key learning institutions and other stakeholders to ensure it takes an integrated and holistic approach.

Importantly, while the program will be built for Woolworths' needs, we hope to share the knowledge across retail and other service industries to help support economy-wide upskilling and training programs.

Despite a wave of technological change ahead, we believe we'll have many more people working in our business by 2030. What our people do in 10 years' time will almost certainly be different from now. Even over the past 12 months, COVID-19 has highlighted changes to old ways of working, and whilst what follows on the other side is still coming into focus, and may continue to evolve for some time to come, what COVID has made clear is our innate desire for human connection. We believe there will be a much stronger emphasis on service and personal interactions with customers, which will be good for customers and our business.

The spectre of technological change is often met with pessimism. The advent of self-service checkouts is a good example. When we first introduced them many predicted it would lead to a major decline in employment in our stores, but that hasn't happened. In 2009 – when we completed the self-service rollout – we employed 113,000 people in our Australian supermarkets. Today, we employ around 140,000, and the number continues to grow. Indeed, the fastest-growing role in our business is one that didn't exist in 2009. It's that of the online personal shopper and at Christmas we had around 25,000 of them hand-picking orders for our customers.

In December last year, we opened our first eStore in Melbourne equipped with automated micro-fulfilment technology to assist our team to pick more online orders faster than ever before. This created 170 new jobs, including highly specialised roles to manage the robotics system. The demand for these types of technical skills will only continue to grow as e-commerce accelerates.

Since we opened our first store in Sydney in 1924, Woolworths has offered employment opportunities to more than a million Australians. And while much has changed in our business since then, people have remained at the heart of our endeavour throughout. As we approach our



centenary, the Future of Work Fund should help in setting us on the path to employ a million more Australians in the many years to come.

The importance of platform work during COVID-19

Flexibility is vital and pragmatic settings on issues such as the evolution of the gig economy is important. Platform work provides flexibility that may not be available with conventional forms of employment. It often suits people who would like to be in the workforce but may have difficulty finding the flexibility they need to meet their personal circumstances. It also has an important supporting role to play in businesses such as ours, and COVID-19 is a good illustration of that.

COVID-19 has undoubtedly been an unprecedented and challenging time. At Woolworths, we accepted that this was no longer business as usual. Over the course of several weeks, we saw huge surges in demand, which meant inevitable product shortages on our shelves. There is enough stock in supply chains to withstand a degree of fluctuation such as seasonal surges, but the demand surge at the height of COVID-19 was truly unprecedented, the equivalent of trying to feed around 50 million Australians each week (or double the systems' design capacity).

By the end of April 2020, the demand for our home delivery service had grown at an unprecedented rate across Australia. Woolworths was able to team up with Uber to offer thousands more weekly home delivery windows for its customers. All grocery orders were placed with Woolworths on its website or app. Woolworths personal shoppers handpicked the online orders for customers in-store before passing onto Uber driver partners to fulfil the delivery.

As the COVID-19 situation continued to evolve, it was vital we had these options to be able to scale our delivery capacity to meet the essential needs of our communities. Flexible partnerships were an integral part of this effort, and within days, we had also confirmed a trial service with cabs in NSW.

It is worth noting that demand for food and groceries continues to surge amid sporadic lockdowns, and there is an important role to be played by flexible platform options which enable us to also scale our capacity up and down at these times.

Conclusion

Woolworths Group appreciates the opportunity to contribute to the Committee's work. We very much intend to play a constructive role in future deliberations designed to strengthen the policy architecture around this topic, starting with the actions we ourselves can take.