

# Another wave of job cuts in New Zealand

By Chris Ross and Tom Peters  
14 September 2015

New Zealand's ruling elite has responded to the intensification of the world economic crisis in recent months with a ruthless corporate-government onslaught on jobs and working conditions, affecting workers in every part of the country and most sectors of the economy.

The country is highly exposed to the downturn in the Chinese economy. *Sunday Star Times* commentator Rod Oram noted on August 30 that exports to China accounted for almost 5 percent of GDP in 2014, ranking NZ just behind Chile and alongside South Korea and Taiwan among developed countries most reliant on China. The downturn in China, and the knock-on effect in Australia and other countries, has led to a collapse in prices for New Zealand exports, especially dairy, but also resources such as coal, steel and timber.

Reserve Bank governor Graeme Wheeler warned last week that a dramatic slowdown in China or "a serious drought" could push New Zealand into recession.

The National Party-led government is presiding over a wave of job cuts to boost profitability and is preparing to privatise more state-owned companies, including Solid Energy, KiwiRail and New Zealand Post.

Official unemployment climbed to 5.9 per cent in the June quarter, up from 5.6 percent a year ago. The real rate of unemployment, including those who work only a handful of hours per week, is undoubtedly much higher.

KiwiRail, in collaboration with the Rail and Maritime Union (RMTU), has proposed 15 job cuts at rail operations on the South Island's West Coast and Taranaki, while hundreds more jobs are under threat after the government ordered the company to cut costs.

Solid Energy, which owes \$300 million to the banks, has gone into voluntary administration threatening 700 jobs. The collapse of the company, which has already

sacked hundreds of workers in recent years, will be disastrous for smaller businesses in the West Coast and Nelson regions of South Island.

NZ Post has announced 75 job cuts at its contact centres in Christchurch and Wellington. Since 2013 it has destroyed 1,300 jobs and plans to slash 700 more.

New Zealand's biggest company, dairy exporter Fonterra, announced 523 job cuts in July, with more "likely," following a global slump in dairy prices that also threatens to put many farmers out of business.

The ASB bank's "Regional Economic Scorecard" and ANZ Bank's "Regional Trends" reported that economic activity in Taranaki, a major farming region, was contracting following dismal performance in the dairy, oil and gas industries. The ANZ estimates that the region's unemployment rate increased from 5.7 to 7.5 percent in the June quarter.

Other recent reports of downsizing and job destruction include:

- \* Telecommunications provider **Spark** (formerly Telecom) has slashed 500 jobs in the past year, and 1,500 since January 2013. CEO Simon Moutter has been rewarded, according to Fairfax Media, with "part of an \$825,000 short-term incentive bonus tied directly to the cost-savings achieved under the company's 'turnaround programme.'"

- \* Sixty job cuts have been announced by **Christchurch City Council**, led by mayor Lianne Dalziel, a former Labour Party MP. The cuts are part of an agenda of austerity and asset sales aimed at imposing the cost of the city's rebuilding after the 2010–2011 earthquakes on the working class.

- \* Christchurch-based manufacturer **Tait Communications** is planning further cutbacks after slashing 124 positions since 2013.

- \* **Ports of Auckland** intends to cut 50 jobs as it increases the automation of its container terminal.

- \* BlueScope Steel has threatened to close its

subsidiary **New Zealand Steel**, which employs 1,200 people, unless it can save more than \$50 million.

\* In the education sector, 300 staff at Auckland polytechnic **Unitec** are facing job cuts over the next three years, following the elimination of 50 jobs last year. Ten jobs are under threat at **Otago Polytechnic's** architecture, building and engineering school. **Auckland University of Technology's** School of Education last month announced cuts to courses including 11 redundancies, driven by falling government funding and declining enrolments.

There are signs that the country faces an even more severe downturn as rebuilding from the 2010–2011 Christchurch earthquakes slows down. Unemployment in the Canterbury region is 3.3 percent, the lowest in the country, due to the rebuild. However a Westpac bank report released last month predicts that 14,000 construction jobs could be lost over the next few years, beginning in 2016, as reconstruction activity had peaked and demand for workers is expected to fall.

Social inequality and poverty are increasing, exacerbated by the soaring cost of housing and stagnant wages. UNICEF reported on August 13 that government figures show the number of children living in poverty increased from 260,000 in 2013 to 305,000 in 2014 (24 to 28 percent) after housing costs were taken into account.

The rich, meanwhile, have profited from rampant speculation in the property market and the partial privatisation of electricity companies. The *National Business Review* Rich List, released in July, revealed that the collective wealth of New Zealand's richest 184 individuals and families increased by \$3.8 billion in 2014 to an estimated \$55 billion.

The opposition Labour Party agrees with the government's austerity program and does not oppose the job shedding, which it oversaw when in office. Labour leader and former Engineering, Printing and Manufacturing Union (EPMU) secretary Andrew Little responded to the impending collapse of Solid Energy by issuing an empty appeal for the government to adopt a "regional development strategy" for the West Coast.

Throughout the country the trade unions are functioning as an arm of management. They are actively assisting the destruction of jobs in order to uphold the global competitiveness of New Zealand capitalism.

EPMU assistant national secretary Ged O'Connell told the media Solid Energy workers were "relieved" the company had gone into voluntary administration because this meant it would not "immediately" fire the remaining 700 workers. The EPMU has already helped the company lay off 900 workers since 2012. The company's creditors, including several banks, will meet this Thursday to vote on a plan to sell off its assets.

At NZ Post, the EPMU and the Postal Workers Union (PWU) have also accepted job cuts, as have Labour and the Greens. PWU president John Maynard told Radio NZ in February: "Everybody can see that the mail volumes are declining and that there needed to be some restructuring ... We're involved with the company about how they may consult with people about laying people off."

EPMU organiser Joe Gallagher recently stated that the union wanted to "refine our engagement around productivity" with NZ Post. He added: "We've done it before with companies like Air New Zealand, which has just enjoyed its own record profit off the back of a lot of work around building a high performance organisation."

The EPMU and Air New Zealand have worked together to eliminate hundreds of jobs, including 137 heavy maintenance positions that have been moved offshore over the past two years, and 232 jobs through the recent shutdown of regional flight services.

To contact the WSWs and the  
Socialist Equality Party visit:

<http://www.wsws.org>