

# Coronavirus accelerates job cutting in New Zealand

By Chris Ross and Tom Peters  
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As world economic growth falls to its lowest level since the 2008 global financial crisis, the wages, jobs and conditions of the working class are under escalating attack in country after country. The rich, who have profited from inflated stocks and property investments, remain insulated from the effects of the crisis.

In New Zealand, a wave of job cuts that began towards the end of last year has accelerated dramatically due to the coronavirus, which has greatly disrupted trade with China, New Zealand's largest export market.

The Labour Party-led government boasted about unemployment falling from 4.2 to 4 percent in the last quarter of 2019. However, while the number of unemployed people officially fell by 3,000 to 111,000, in the same period labour force non-participation increased by 18,000 people—who are not counted as unemployed because they are not actively looking for work.

The economic outlook has sharply deteriorated in recent weeks. The spread of the coronavirus internationally, combined with the US-China trade war and the Ardern government's ban on inbound travel from China, could trigger a recession.

Finance Minister Grant Robertson told Radio NZ on February 26 that “growth will be hard to come by” in the first half of 2020, due to the impact on tourism, forestry, education and other export industries. Economist Shamubeel Eaqub estimated that “15,000 tourism jobs and another 15,000 export sector jobs are most exposed to the current China shock” and “some 45,000 jobs are exposed directly” to a decline in imports.

The tourism industry, which employs 8.4 percent of NZ's workforce and accounts for 20 percent of export

earnings, is suffering a significant downturn. New Zealand Chinese Travel and Tourism chair Simon Cheung told *Stuff* an estimated 300 tour bus drivers were temporarily jobless due to the travel ban, with many resorting to Uber driving, which pays less than the minimum wage. Air New Zealand is asking staff to take unpaid leave due to reduced flights. Restaurants and other businesses are also cutting staff and reducing hours.

Forestry Industry Contractors Association CEO Prue Younger told the *Otago Daily Times* on February 26 that “we're about a week away from the industry really falling to bits.” NZ's third largest export is severely affected by the slowdown in China and increased competition from Europe. Around 1,500 workers in logging businesses could lose their jobs. Most are low-paid, living week-to-week, and have no savings.

Wood processors are also axing jobs. Carter Holt Harvey will close its Whangarei sawmill in April with around 111 job cuts. The town's economy is expected to lose about \$5 million annually. Pacific Pine Industries closed its sawmill in Putaruru in December with 60 job losses. Workers were told over the phone the plant would not reopen after 30 years of existence. Spectrum Group Ltd's RH Tregoweth sawmill in Te Kuiti has confirmed 35 job cuts.

In the education sector, Massey University announced plans this month to stop offering science courses at its Albany campus, in a restructure aimed at saving \$18 million. About 50 staff could lose their jobs and hundreds of students would be affected. The university also wants to stop teaching computer science and engineering at its Palmerston North campus.

Albany-based Professor Dianne Brunton told the *New Zealand Herald* she had seen “staff members... in floods of tears, because they don't want to see their

colleagues go, and see what we've built here destroyed."

More cuts are likely. Universities and other training providers face multi-million dollar losses due to 11,000 Chinese students barred from entering New Zealand. Auckland University and Victoria University of Wellington have announced a hiring freeze.

Retailers are also cutting back, mirroring a wave of store closures in Australia. Bunnings Warehouse closed two stores in Waikanae and Te Aroha on December 27 with 35 redundancies. Last month Cotton On gave 12 staff less than two weeks' notice of two store closures in Porirua. FIRST Union didn't oppose the closures and only criticised the multinational clothing company for not "tak[ing] the time to close two small stores properly."

Other recent announcements include:

\* General Motors will end sales, design and engineering operations in Australia and New Zealand and retire its Holden brand of vehicles. Thirty-one dealerships in NZ will close, with 600 job cuts across Australia and NZ and up to 1,500 in Thailand. Worldwide, auto companies are competing ferociously to cut costs and are planning 100,000 layoffs in 2020.

\* Mars Petcare will close its factory in Whanganui, which employs 150 people, at the end of the year, moving production to Thailand. Last October, Manufacturing and Construction Workers' Union general secretary George Larkins told *Stuff* the union had previously supported "flexible" rosters to maintain company profits and would now "explore the current redundancy provisions" to ensure smooth layoffs.

\* Imperial Tobacco will shut down its cigarette manufacturing plant in Petone, Lower Hutt, axing 122 jobs, due to a decline in smoking. The E t? union accepted the closure, promising to "guide" workers through "the process." Petone has been hit hard by de-industrialisation, including the loss of 114 NZ Post jobs and the closure of Unilever's washing powder factory that employed 100 people in 2015.

\* Healthcare NZ, which is contracted by the public health system to provide care for disabled people, is considering cutting 200 jobs. This has sparked protests by workers in several towns, with the Public Service Association appealing for the proposal to be reconsidered.

The Labour-led government's response to the crisis

has been marked by indifference to the plight of workers. It announced that an unspecified number of forestry workers could take up jobs in the Department of Conservation, but no details are confirmed.

The government has refused to scrap the 13-week "stand-down" period before someone made redundant can get the poverty-level Jobseeker Benefit, forcing workers to rely on charity or apply for emergency grants from the Ministry of Social Development.

In almost every case, the trade union bureaucracy, which supports the Labour Party, has accepted layoffs and factory closures without calling industrial action, let alone seeking to mobilize the working class nationwide against government and corporate austerity. As they did following the 2008 financial crash, the pro-capitalist unions are enforcing cuts to maintain profitability and global competitiveness.

This underscores the urgent need for workers to rebel against the unions and form new organisations—rank-and-file committees controlled by workers—to unify their struggles across different industries and internationally. The fight for decent jobs, wages and conditions requires a new political perspective, in opposition to Labour and every other party, to put an end to the capitalist system and reorganise society on the basis of socialism.

*The authors also recommend:*

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