

New Zealand government says unemployment will hit “double digits”

By Chris Ross and Tom Peters
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New Zealand’s Treasury stated last week that the country’s unemployment rate could reach “double digits,” as the crisis triggered by the coronavirus pandemic continues to deepen.

Labour Finance Minister Grant Robertson said unemployment would top 6.7 percent, the level reached following the 2008 financial crisis, despite a multi-billion dollar economic stimulus package mainly consisting of subsidies and tax cuts for businesses.

Economists’ forecasts for unemployment range between 8 percent and 30 percent, roughly the same as in the 1930s Great Depression. The OECD expects New Zealand’s economic activity to contract by 28 percent in the June quarter.

Prime Minister Jacinda Ardern enacted a state of emergency and a four-week lockdown of schools and non-essential businesses on March 26, in an attempt to reduce the spread of the potentially fatal COVID-19 virus. The number of cases in New Zealand reached 1,239 today but limited testing means there could be many undetected cases.

A major part of the stimulus package is a “wage subsidy” scheme that pays a wholly inadequate \$585.80 a week per full-time worker and \$350 for part-time workers, before tax. Businesses whose revenue falls by a 30 percent decline in any month of 2020 can claim the subsidy. As of Tuesday, \$6.6 billion had been paid to employers, covering over a million employees, one fifth of the population.

This has not prevented mass redundancies and wage cuts. The payments effectively keep workers on belt-tightening budgets, some not knowing whether they will be able to cover basics such as rent or mortgage payments, food, power and other costs or debts.

Ardern told the media on Monday she wouldn’t rule

out taking a pay cut to her salary of \$471,000 a year, and reducing MPs’ salaries, in a bogus gesture of solidarity with workers affected by the crisis.

As in the US, Europe and Australia, everything is being done to prop up big businesses and the banks and protect the fortunes of the super-rich. No policies have been announced to prevent a major reduction in living standards of the vast majority.

There is widespread hardship, particularly among low-paid workers and insecure migrants who have been thrown out of work. Demand for Wellington City Mission’s food parcels has quadrupled since the lockdown began. Charities in Auckland and Christchurch have reported similar sudden increases in demand.

The union bureaucracy is playing a key role as enforcer of the cutbacks. The unions, which support and frequently help to fund the ruling Labour Party, are acting as adjuncts of the government and big business, as they did following the 2008 crisis.

Air New Zealand plans to lay off a third of its 12,500 workers, despite the company receiving a \$900 million government loan. The union E t?, which covers 5,000 airline workers, agreed with cutting jobs, only suggesting in a March 31 statement that the company didn’t need to “lay off as many people as quickly as they have proposed.”

Similarly, after Air NZ confirmed it wanted to sack 387 pilots, the NZ Air Line Pilots’ Association agreed on the need for job losses. President Andrew Ridling said on April 7: “we have been working closely with the airline... [and] will continue to negotiate on getting this number reduced and finalising the agreement process.”

Flight Centre has made 250 NZ-based staff redundant and closed 33 shops following the closure of 100

outlets in Australia.

German-owned media publisher Bauer NZ last week ended publication of its NZ magazines including *Woman's Weekly*, *The Listener* and *North and South*, resulting in over 300 job losses. The magazines are not being published during the lockdown, but the media sector was already facing economic problems. Chief executive Brendon Hill stated that reduced advertising revenue made it “highly unlikely that demand will ever return to pre-crisis levels.”

Media company NZME closed one of its radio stations, Radio Sport, following the suspension of professional sports, and has warned of job cuts at *NZ Herald* and Newstalk ZB. MediaWorks, which owns TV3, asked staff to accept a “voluntary” 15 percent pay cut otherwise the company would begin widespread redundancies.

On March 31, Infrastructure New Zealand chief executive Paul Blair threatened that the construction sector could shed 30 percent of its workforce in three months. The industry employs one in ten NZ workers.

Fletcher Building, one of the country's largest and most profitable companies, accepted the government's wage subsidies while announcing that 9,000 workers will face an initial wage cut of 20 percent, rising to 50 percent if the lockdown continues after four weeks, and then 70 percent if it is further extended.

On April 2, the Amalgamated Workers Union described Fletcher's proposal as “disgraceful,” while at the same time praising other companies that had cut pay to 80 percent as an example of “a fair outcome” achieved in collaboration with the unions. Similarly, FIRST Union appealed to the government to intervene and instruct Fletcher to “make every practicable effort to pay their workers 80 percent of their normal wages at a minimum.”

SkyCity, a casino and convention centre business with over 5,000 workers, has also cut wages by 20 percent and last week announced 200 planned redundancies. The company said it was losing \$90 million a month in revenue during the lockdown. However, in the last two financial years alone it made \$314.1 million in profits.

Some employers are pressuring workers to use annual leave to “top up” their wages. FIRST Union reported that this included bus companies Ritchies and Go Bus, which have been involved in protracted disputes over

low wages and long hours.

Local government is also beginning to impose drastic spending and job cuts. Auckland Council, whose mayor Phil Goff is a former Labour Party leader, announced on Tuesday that it would cut as many as 1,100 temporary and contractor jobs. Goff told Stuff the cuts were necessary “with a recession looming perhaps as big as the 1930s.”

In an attempt to maintain the ruling elite's fiction of shared sacrifice, Goff declared that he would be willing to take a pay cut to his \$296,000 salary.

The central government is no doubt preparing even more drastic cuts to force workers to pay for its unprecedented bailouts of big business. On March 31, Finance Minister Robertson told Newstalk ZB “generations” would be paying back the debt incurred by the government.

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