Pandemic intensifies social crisis in New Zealand

By Tom Peters
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The New Zealand government's Commission for Financial Capability (CFFC) reported on Thursday that a survey of 3,000 people, conducted in April, found 34 percent of households were in "financial difficulty." A further 40 percent were "at risk of tipping into hardship."

The survey was part of a study involving eight countries. New Zealand ranked worse than the UK and Norway, where 28 percent and 8 percent of respondents respectively were in "financial difficulty." Other countries have not yet reported their results.

The findings reflect the dramatic and widespread fall in living standards due to the global economic crisis precipitated by the COVID-19 pandemic. Thirty-eight percent of respondents, an estimated 679,500 households, suffered a decline in income, with 232,500 losing more than a third.

CFFC head Jane Wrightson warned that "income loss will get worse before it gets better." In fact, there is no end in sight for what is the deepest crisis of capitalism since the 1930s.

New Zealand is highly exposed to the crisis: its tourism and international education industries are imploding. Households have low savings and high debt levels, many workers are in insecure jobs and social welfare benefits are extremely low.

The country also has some of the world's most unaffordable housing. The CFFC estimated that 179,000 households, one in 10, had missed a mortgage or rent payment since the onset of the COVID-19 crisis.

The survey found that another 40 percent of households "were not in financial difficulty yet but were at risk of financial difficulty" if they lost any more income. Only 26 percent were "financially secure," with "enough money in savings to meet financial shocks in the future."

On Thursday, Children's Commissioner Andrew Becroft told *Stuff* he estimated 200,000 more children could be pushed into poverty, bringing child poverty to nearly 40 percent. Already, before the present crisis, 235,400 or one in five children lived below the poverty line, after housing costs were deducted.

Job cuts are accelerating, abetted by the Labour Party-led government and enforced by the trade union bureaucracy. All the claims made over the past three years that Jacinda Ardern's coalition government with the Greens and NZ First would alleviate poverty and restore "capitalism's human face" are being thoroughly discredited.

According to *Stuff*, 53,000 more people have signed up for the JobSeeker unemployment benefit since the week of March 20. This brings the total to 198,000, indicating more than 7 percent unemployment—the highest level in more than a decade. The rate is expected to go well above 10 percent.

In the past week, Air New Zealand announced it is making 4,000 people redundant, up from previous estimates of 3,750. The airline is majority-owned by the government and has access to a $900 million government loan.

Air New Zealand has received tens of millions of dollars in "wage subsidies" from the government. These handouts, falsely promoted as a means of saving jobs, have not stopped businesses slashing wages and sacking workers.

In the tourism sector, Millennium & Copthorne Hotels announced 910 job cuts. Tourism Holdings Ltd, which runs the Waitomo caves and Kiwi Experience businesses, is axing 140 staff. AJ Hackett Bungy will slash about 150, nearly three quarters of its staff, in Queenstown, Taupo and Auckland. Invercargill

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Licensing Trust, which operates hotels and hospitality businesses, has made 87 people redundant.

Furniture and electronics retail chain Smiths City has sacked 115 people, nearly a quarter of its staff. Retail group H&J Smith intends to shut stores in Dunedin, Mosgiel, Te Anau and Balclutha, with 175 redundancies.

Fuji Xerox, the printing and photocopying company, plans to cut about 100 jobs, 11 percent of its workforce. Its competitor Ricoh is reportedly slashing 80 jobs, despite receiving $2.2 million in wage subsidies.

MediaWorks is cutting 130 staff, mostly across its radio stations and sales team. This follows 200 layoffs last month by NZME, which owns the *New Zealand Herald*.

Tower Insurance announced 108 redundancies after posting a first-half-year profit of $14.9 million.

ANZ Bank's New Zealand arm is also attacking workers, despite making a $789 million profit for the six months to March. The bank is cutting pay for about 200 contract workers by 20 percent until the end of September.

Auckland Council is formulating an "emergency" austerity budget for the country's largest city in response to $550 million in expected lost revenue over the next financial year. Labour Party mayor Phil Goff told TVNZ on May 22 the council was "conducting a review that will result in fewer jobs in our organisation in the coming months."

Already, about half the 1,100 temporary council workers and contractors have lost their jobs. The council is reportedly in talks with the Public Service Association about imposing a wage freeze.

The Ardern government, facing an election in September, announced an Income Relief Payment (IRP) on May 25 for people who have lost jobs since March 1. The payment of $490 a week is about double the normal JobSeeker benefit, but only lasts for 12 weeks.

The new payment is still not enough to pay for basic needs, particularly in major cities where rents are highest. And people who were already unemployed prior to March will receive no increase to their payments. Thousands of migrant workers remain barred from accessing welfare.

Council of Trade Unions president Richard Wagstaff, however, praised the IRP, saying the government was being "nimble and responsive… to meet the needs of our community." Opposed to any fight in defence of jobs, the unions are echoing the government and employers' position that mass redundancies are inevitable.

After the election, the IRP and the wage subsidy scheme are due to expire. That will trigger a further wave of layoffs and increased poverty.

There are growing demands from big business for whoever wins the election to slash spending on social programs. Government ministers have made clear that "generations" of workers must pay back the debt incurred from its pro-business subsidies, tax cuts and bailouts.

ANZ Bank economist Sharon Zollner told *Stuff* on May 26: "A bunch of our sacred cows might be getting reviewed." They included pension eligibility. The opposition National Party has pledged to increase the retirement age from 65 to 67. The current government has ruled out such a move, but the Labour Party previously campaigned for restricting pensions.

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