

More meatworks close in New Zealand

A correspondent
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A fresh round of rationalisation and downsizing is hitting the New Zealand meat processing industry, with plant closures and attacks on jobs and working conditions. Last month, the Richmond beef-processing plant in Hastings closed with the loss of 120 jobs.

The closure is a sign that after 14 years of non-stop restructuring and job losses, more is yet to come. Since 1984 approximately 14,000 freezing workers' jobs have been eliminated, along with the closure of some 28 plants. This does not include jobs lost in downstream and associated industries, such as hide processing, engineering and stock transport. At the beginning of the 1980s there were 30 slaughter chains operating in the upper North Island, north of Taupo. Now there is one.

Most recently, Affco, one of the country's biggest processors and exporters of beef and lamb, controlling 40 percent of the North Island's beef processing capacity, has confirmed it is in deep trouble and facing its first annual loss since listing on the stock exchange in 1995.

Affco's profits have steadily declined from a 1995 figure of \$33.6 million to \$9.7 million in 1997. In the six months to March this year, Affco posted an operating loss of \$2.6 million. After the inclusion of a writedown in value of two mothballed plants--Taumaranui and Waitara--both shut down in the past year, the bottom line loss was \$8.86 million.

The company's share price has slid dramatically over the past two years. It peaked at 71 cents in March 1996, but hit a low of 16.5 cents in mid-September. Affco's market capitalisation has slumped to less than \$40 million.

Affco chief executive Ross Townshend has indicated that the company is looking at closing more plants in the near future. He warned that the problems facing Affco are industry-wide. He blames 'over-capacity', falling stock numbers and 'inefficient work practices'.

Talk of 'overcapacity' and 'inefficient work practices'

is not new for workers in the meat industry. These were the code words that presaged the devastation of thousands of jobs among meatworkers from 1984. Across the lower North Island, rural areas were devastated by a swathe of plant closures from Patea and Wanganui in the west, to the centre of the island at Longburn near Palmerston North and Masterton's Waingawa works, through Hastings and across to Wairoa and Gisborne on the East Coast.

Many of these closures, such as the one at Patea, signalled the decline and death of rural townships. The city of Hastings experienced the closure of the country's largest meat processing plants when Whakatu was shut down in 1984 and then Tomoana a decade later, with the combined loss of 4,500 jobs.

This assault on the jobs of meat workers, initiated under the 1984-1990 Labour government, was aimed at the heart of the New Zealand working class. As a commodity-producing economy, the export industry had from its inception been dominated by primary produce. Even today, agricultural produce accounts for over 50 per cent of exports.

Following the introduction of refrigeration technology in the 1880s, the development of meat processing plants provided a major impetus for the development of the New Zealand working class. Conversely, with British capital used to set up the freezing industry, the associated export industries established the economic basis of the country's ruling class.

The industrial strength of the meat processing workers in the newly-mechanised plants provided the basis for gains in living standards won by the country's working class. By the 1970s the meat processing plants became the country's major concentration of workers, in an economy where the majority of manufacturing was carried out in what are, by international standards, tiny worksites.

Employment in the freezing works was also central to many Maori communities, and a high concentration of Maori workers in the rural-based meat processing plants became an important feature of the integration of Maori into the centre of the working class. As the job shedding program got underway, Maori workers and their communities paid a particularly high price, from which they still suffer.

The economic problems that hit the meat processing industry in the 1980s were bound up with the developing crisis of international capitalism. An international downturn in commodity prices coincided with the development of new technology in the freezing industry and cut-throat competition between meat processing companies.

The Lange-Douglas Labour government also removed subsidies for farmers, as it responded to the demands of international capital to dismantle trade barriers and open up the country's protected economy to international competition. This immediately flowed through to a steep decline in stock numbers in the mid-1980s, from which the farming industry has not, to this day, recovered.

Nationwide sheep numbers peaked in 1984 at some 73 million, but have been in decline ever since. Today the number is down to 48 million. Many plants moved to beef processing which requires fewer slaughtermen per animal. However, the recent period has also seen a decline in beef prices internationally, particularly in the United States, New Zealand's biggest market.

Low prices have led farmers to convert land to dairying for milk production, sell it for forestry or subdivide it into 'lifestyle' blocks. This year, a drought has caused a major drop in cattle numbers--beef stock has fallen by 8 percent and sheep stock by 15 percent.

The assault on jobs has also been accompanied by major attacks on the working conditions of the remaining meat processing workers. The Meatworkers Union under the leadership of president Roger Middlemass negotiated historic changes, principally through agreements to open up shiftworking and round-the-clock production. Meatworkers, for years in the vanguard of establishing improvements for the working class, have suffered serious setbacks.

In a world where millions are facing starvation, the fact that a country with the capacity to produce and export enormous amounts of food is cutting back farm

production and closing meat processing plants as unprofitable, is an indictment of the capitalist market system.



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