A wave of sackings in New Zealand

A correspondent
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A new wave of sackings is underway in New Zealand as the economy slides further into recession. The country has already recorded two consecutive quarters of negative growth and has been hit by downturns in important export markets in Asia and North America.

Substantial job losses have been announced in the past week.

The major North Island meat processing companies, Affco and Richmonds, both confirmed another round of closures and sackings. After announcing a $NZ2.5 million loss for the year, Affco is to close its Whangarei processing plant, slashing 200 jobs in the already depressed area of Northland. Two Affco plants in Waitara and Taumaranui, initially mothballed for this season, will now be shut permanently.

Affco has also indicated that two more plants will close next year, although it has refused to say where. The company is using the threat of closures to force workers in its remaining plants to compete against each other to reduce costs by accepting wage cuts and longer working hours. By the end of next year Affco will have reduced its North Island operations from 10 plants to just five.

Richmonds announced the conversion of its beef processing plant at Te Kauwhata to venison and a cut in the workforce from 50 to 22, due to a downturn in exports to the US, the country's main beef market. Last month the company closed its Hastings plant with the loss of 120 jobs.

At Auckland University, the University Council has announced a cut of 100 in its academic and support staff next year. Its budget has blown out by $2 million this year despite massive increases in tuition fees and the introduction of a new targeting regime forcing students in more expensive courses to pay higher fees. The staff cuts will result in the dropping of a number of courses and a significant rise in staff-student ratios.

The latest statistics, released last week, were lower than expected at 7.4 percent of the workforce--a small drop of 0.3 percent on the June figure. The official figures hide the loss of full-time employment to temporary and contract jobs. The government's new 'work-for-the-dole' scheme is also forcing many people to avoid registering for unemployment benefits.

New Zealand's unemployment rate is now higher than most other OECD countries, with 15 out of 22 listed countries having a lower jobless rate. Current predictions are for unemployment to increase to over 8.5 percent by the middle of 1999.

Particularly significant is the fact that long-term unemployment is worsening, with over 53,000 people now out of work for more than six months, compared with 43,000 in the June quarter. Youth are being especially hard hit, with unemployment the highest in the 15-19 age group at 17.1 percent.

There is a clear picture emerging of sharply worsening unemployment in the medium and long-term. More job losses, many already announced, are due to hit before Christmas--Tranz Rail, restaurant chain Georgie Pie, Fletcher Challenge and Carter Holt Harvey are due to lay off 1,000 workers in all. Other industries such as construction are in the worst recession for 20 years and the downturn is now affecting building suppliers.

Other recently announced job losses include:

• Fletcher Challenge Forests: 100 out of 280 workers at Fletcher's timber mill in Taupo are facing redundancy. Last month Carter Holt Harvey announced the mothballing of its sawmill in the same area due to the downturn in the housing market.

• Ericsson Communications: 50 jobs will go at Napier after the company decided to contract out all its manufacturing activities.

• The fishing trawler Pakura is to be decommissioned by joint owner Sealord with the loss of 75 jobs in the Nelson area.

The list goes on: 40 jobs axed at BOC Gases in Wellington; 60 jobs lost as two daily newspapers in Napier amalgamate; 65 jobs cut by Mercer Stainless nationally; 80 jobs to go as Methven Plumbing Supplies in Dunedin closes down; and 50 jobs axed in the Customs Department at Wellington and Christchurch.

See Also:

New Zealand government introduces drastic austerity measures

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