

# Unions collaborate in ongoing destruction of Air New Zealand jobs

**John Braddock****9 March 2006**

Air New Zealand, the country's national carrier, last month unveiled another instalment in a program of mass sackings, outsourcing of work and erosion of employment conditions. The latest job cuts total 917, representing 8 percent of the company's workforce, but chief executive Rob Fyfe warned that the "tough decisions" have not yet ended.

The announcement accompanied news of a 55 percent fall in first half-year profits. According to chairman John Palmer, Air NZ has been "running fast, but sliding backwards" and despite recent increases in passenger loadings, costs must fall further to ensure the airline is the "right size" to compete in the tough aviation market.

It was no accident that Air NZ's announcement came the day after aircraft engineers had finally agreed to a new union-management employment package containing a raft of attacks on jobs, pay and conditions. After initially rejecting it, workers voted to accept the new contract, following ultimatums by the company and unions that sacrifices were necessary to keep the Auckland and Christchurch maintenance centres operating and to secure the company's long-term future.

After securing the collusion of the unions in dealing with the engineers, who occupy a critical place in the workforce, management concluded that it had a free hand to move against other sections of employees.

The company's plans also involve a restructuring of the Auckland head office, with 470 jobs to go in the marketing, human resources and finance sectors, reducing the corporate division from over 1,800 positions to 1,400. Earlier in February, management announced it would outsource aircraft cleaning operations, with a loss of 114 jobs.

The role of the unions—the Engineering, Printing and

Manufacturing Union (EPMU) and the Aviation and Marine Engineers Association (AEMA)—provides another example of union perfidy. The perspective driving these organisations is not to defend workers' interests but to partner with business to impose its requirements on the working class.

The EPMU, the country's largest private sector union, has been a leading exponent of this agenda for two decades or more. Since the mid-1980s, as clothing, footwear, motor vehicle assembly and steel manufacturing operations have been shut down and shifted overseas; the EPMU has insisted that workers sacrifice to defend their "own" national employers.

In the case of Air NZ, the unions long ago gave the green light for job cuts, beginning in the 1990s with a \$40 million cost-cutting exercise. In 2001-2, following the collapse of the airline's Australian subsidiary Ansett, the unions endorsed a major assault on jobs as part of a \$NZ1 billion bailout, involving the buyback of 80 percent of Air NZ shares by the Labour government.

The current offensive began last October with an announcement that the Auckland wide-body engineering base was to close, shedding more than 600 jobs. Heavy maintenance work on long-haul aircraft and engines would go to cheaper servicing centres in Asia.

The unions made not the slightest pretence of defending jobs and conditions. Instead, given 58 days by management to come up with a counter-proposal, the EPMU hired business consultants Ferrier Hodgson who delivered a plan to "save" the Auckland base by sacrificing half the targeted jobs and imposing sweeping "labour changes" to recoup \$48 million a year over five years.

Faced with demands for "competitive pay rates and competitive costs for servicing aircraft", the unions

simply asked: “How high do you want us to jump?” EPMU national secretary Andrew Little assured the company it had “a workforce that is supporting an agenda for change”. Management initially remained non-committal, saying that only a “small fraction” of the required cuts had been found and that it wanted comprehensive concessions across the entire engineering sector, including the Christchurch operation.

The company declared that engine maintenance would not be saved and that 110 jobs would go immediately, but it agreed to a reprieve on airframe maintenance. Between November and February the unions organised a working party of hand-picked job delegates to come up with a deal that the company would accept. The final agreement provided for the elimination of 300 jobs while offering up more flexible shifts and hours, matching “labour requirements to workloads” and less overtime. For some engineers, overtime and shift allowances made up about half their pay, meaning they face large pay cuts. The new shifts meant many would be working 47 weekends a year—described by one engineer as “marriage breaking”.

The whole exercise was repeated following the announcement that cleaning work was going out to tender. In this instance, the EPMU’s counter-proposal, designed to save \$500,000 a year by cutting overtime costs, conditions and wages, was dismissed as too far short of the required \$1.5 million savings. The company confirmed the tender process would go ahead immediately, a decision the unions accepted, save for a few verbal protests.

A business commentator for the *Dominion Post* newspaper reported that the unions’ response throughout was “exactly” what Air NZ management “was looking for”. CEO Fyfe told the journalist that the threat to close the Auckland engineering base was designed to force staff and unions to “confront labour costs in an industry where cost-cutting is the only way to survive”. Asking the unions to produce a counter-proposal was designed to draw out “the full extent of the compromises” the unions were prepared to make.

The final proposal was put to a vote in mid-February. Air NZ had insisted that a majority of workers in each section had to support it. The plan backfired when a group of AEMA members in Christchurch opposed the

concessions, voting 111 to 91 against a required variation of the current employment agreement and 103 to 99 against the new collective contract.

Immediately, the combined resources of the company, the government, the unions and the media were mobilised to bully the workers into reversing their vote. The unions declared the vote was “not the end of the line” and that they would do whatever was needed to convince the workers to accept the “radical change being asked of them”. The company warned that if opponents continued to block the proposal, the Christchurch base would be shut down.

Within days, the union called emergency meetings of its Christchurch members to vote again. An internal company memo warned that a negative vote would be interpreted as “an unwillingness to commit to a positive future for the Christchurch base and its staff”. Ninety percent of Christchurch engineers voted in the new ballot, with 71 percent supporting the deal. The airline immediately welcomed the news and business commentators gave the result the thumbs up.

The entire episode underlines once again the utter futility relying on the trade unions. These organisations function as a direct arm of management in imposing the dictates of the global market on workers. The defence of jobs and conditions necessitates a turn to other workers around the world facing the exactly same onslaught and a joint struggle based on socialist principles against the imperious demands of global capital.



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