

# Union pressures Air New Zealand workers to accept loss of jobs and conditions

**John Braddock**  
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New Zealand's national airline, Air New Zealand, announced on April 2 that it would rescind a plan to outsource airport services after the country's biggest private sector union agreed to concessions that include 300 "voluntary" redundancies, a more flexible rostering system and cuts to pay and conditions amounting to more than \$NZ7,000 per worker a year.

The outsourcing plan had threatened 1,700 airport jobs at Auckland, Wellington and Christchurch. The proposal, announced last October, to contract the work to Spanish company Swissport was to save Air NZ \$100 million over five years. The company reached an agreement with the Engineering, Printing and Manufacturing Union (EPMU) after lengthy negotiations and court-ordered mediation, on the basis that the cost-cutting would be on a par with the potential savings achieved through outsourcing.

The deal lays the basis for imposing further cuts across the airline. Three hundred check-in staff, members of the Service and Food Workers Union (SFWU), at the country's largest airport, Auckland International, are the next in line.

Presented with no alternative, nearly 78 percent of union members voted to accept the settlement. The airline hailed the decision as an opportunity to make its airport services division "globally competitive and world-class". The agreement offers no permanent job guarantees and only defers the outsourcing plans for two years.

EPMU officials protested that the company's bullying tactics meant the union had no "bargaining power" and was just "making the best of a bad situation". EPMU national secretary Andrew Little had earlier described the deal as unpalatable, saying members were being required to "swallow a dead rat". However, these feeble protests were no more than a

smokescreen for the union's own role in imposing the company's agenda.

The union organised no industrial campaign to challenge corporate prerogatives and defend jobs and conditions. By way of a diversion, it launched a petition calling for a parliamentary investigation into the airline's breaches of so-called "good faith" provisions in the Labour government's industrial laws. However, the union's real message all along was that the only way to block outsourcing was to accommodate the company's demands.

As part of its collusion with the company, the EPMU recommended workers accept a management offer of \$1,000 each to agree to the settlement. The one-off taxable payment and an offer of targeted "voluntary" redundancy and severance packages only applied if all the conditions of the deal were accepted by EPMU members. The payment was available only to those who agreed to stay on with Air NZ under the new pay and conditions. To get the crude bribe, workers had to be an EPMU member or agree to an individual employment agreement.

Under the deal, 40 percent of staff will lose their years-of-service allowance and see their base pay drop. Depending on years of service, the pay cuts could be from a few hundred to thousands of dollars. Any employee in that position has the "choice" of taking redundancy. Another 42 percent of staff will receive a pay increase varying up to 3.75 percent over two years, while 20 percent have no change to their pay.

Having caved in to Air NZ, the EPMU moved on to oversee the destruction of 70 journalists' jobs at print media company APN, owners of the country's biggest daily newspaper the *New Zealand Herald*, and 160 of 300 positions in the news and current affairs division of state broadcaster TVNZ.

The unions, led by the EPMU, have presided over the wholesale destruction of jobs and conditions for more than two decades. 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 ensure that New Zealand employers remain internationally competitive.

The airline unions have previously given the green light for job cuts at Air NZ. In 2001-2, following the collapse of the airline's Australian subsidiary Ansett, the unions endorsed an assault on jobs as part of a \$NZ1 billion bailout involving the buyback of 80 percent of Air NZ shares by the Labour government.

Last year Air NZ announced the imminent sacking of 917 engineers, 8 percent of the company's workforce, with newly-installed CEO Rob Fyfe warning that the "tough decisions" had not ended. The engineers initially rejected a union-management agreement, which included cuts to pay and conditions as well as jobs. However, using the pressure of corporate ultimatums, the EPMU and the Aviation and Marine Engineers Association organised a re-vote and strong-armed dissident workers into agreeing. The final agreement provided for the elimination of more than 200 jobs as well as more flexible shifts and hours, matching "labour requirements to workloads" and less overtime. The company then shed 470 jobs at the Auckland head office and outsourced aircraft cleaning with the loss of 114 jobs.

The airline's bottom line responded immediately. After reporting a 55 percent fall in its first half-year profits in 2006, profits in the half-year to December soared by 61 percent to \$109 million before tax—underwritten by \$63 million in savings achieved by cuts to overtime and conditions in heavy engineering. The company was able to offer investors a special dividend of 10 cents a share, worth \$105 million. According to a recent *Business Herald* executive pay survey, Fyfe has been handsomely rewarded with a \$950,000 annual salary, putting him in the top 20 earners among New Zealand CEOs.

For its part, the SFWU has distanced itself from the EPMU deal, refusing to negotiate with Air NZ until its collective employment contract expires in May. SFWU regional secretary Jill Ovens strongly criticised the EPMU agreement and hailed the SFWU's own

collective contract covering all members as a victory. The union claimed that the company was trying to separate workers, including in cargo, finance and call centres, to isolate them and "do them over".

The SFWU's posturing is not aimed at defending jobs and conditions, but at fending off EPMU efforts to poach its members with the assistance of the company. Air NZ is pressing SFWU members to quit the union and either join the EPMU or accept individual contracts. SFWU members have been threatened with a lock-out and told they will not be able to apply for new team manager positions if they stay in the union.

When the contract expires in May, SFWU members will also be vulnerable to Air NZ's offensive. Ovens recently declared that the union's job was "to defend our members' terms and conditions" but then promoted the illusion that "the [Labour] government doesn't want the outsourcing to happen either, so we could hold the line". However, the Labour Party—to which Ovens is a recent high-profile recruit—has not only been in the forefront of pushing through market reforms since the early 1980s. In the case of Air NZ, Prime Minister Helen Clark's government is the majority shareholder and thus has quietly approved all the company's savage restructuring.

In a revealing comment, Ovens rejected an offer by Australian airport workers to boycott Air NZ aircraft, declaring it would go against the SFWU's position of "pride in our national airline". In fact, the global nature of the airline industry means that any genuine campaign to defend jobs and conditions will necessarily assume an international character. The unions, which are fundamentally opposed to such a struggle, function as the chief accomplices in propping up their "own" national corporations against foreign rivals in a process that fuels never-ending cutbacks to jobs, pay and conditions.



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