New Zealand: Job cuts mount as recession deepens

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Figures released over the past two months confirm that thousands are losing their jobs as New Zealand's recession deepens. In the three months to September, the number of unemployed rose by 6,000 to 94,000, bringing official unemployment to 4.2 percent—the highest since 2003 and an increase of 16,000 over the past year.

Bill English, finance minister in the newly installed National Party-led government, told TV One's "Agenda" program on November 16: "the forecasts for unemployment keep rising..." Treasury predicted 5.7 percent unemployment by March 2010—up from its pre-election forecast just a few weeks earlier of 5.1 percent.

On December 4, the Reserve Bank upped Treasury's estimate, announcing it expected a 6 percent jobless figure by the end of 2009. Three days later, Prime Minister John Key told "Agenda" that Treasury's next update, to be released before Christmas, would be even worse, with all economic indicators worsening. On December 11, Employers and Manufacturers Association chief executive Alisdair Thompson called the Reserve Bank's prediction "modest" and said that unemployment could reach 9 percent by late next year.

More job cuts are on the way. A survey of 2,285 employers carried out last month by recruitment firm Hudson found that one in six planned to cut staff in the next six months. Remuneration specialist Helene Higbee told the *New Zealand Herald* that many employers "who had forecasted and planned to hold people until after Christmas are finding they are unable to survive and are making redundancies earlier than intended".

On December 6, ANZ National Bank confirmed it would lay off 200 management staff, bringing its total number of lay-offs for the year to 900—almost a tenth of the bank's New Zealand workforce. New Zealand's banks have all been hit by their exposure to the global credit market, and ANZ recently announced it would spend $100 million on a "corporate restructure", cutting jobs in both Australia and New Zealand. When it first announced in April that it would move 500 office jobs to India, ANZ told the banking union Finsec it would increase front-line staff numbers and customer service. Instead, the bank announced in September it was seeking voluntary redundancies, and confirmed it would lay off a further 200 front-line staff—bringing the total to 700. Two months later, Finsec told the media that ANZ had promised not to lay off any more staff. The bank's most recent announcement exposes the hollowness of such assurances.

A recent Bank of New Zealand-Business New Zealand Performance of Manufacturing Index shows that manufacturing activity fell for the seventh consecutive month in November to its lowest level since the survey began in 2002. Business NZ chief executive Phil O'Reilly told the media: "The global manufacturing depression has well and truly hit New Zealand shores... The very poor November result also begs the question—just how low will overall activity fall?"

Last month, textile manufacturer LWR International cut 60 staff in its Christchurch factory in order to reduce costs. On December 10, around 60 people picketed Tritec Manufacturing's baby stroller factory in Lower Hutt after the company announced it would lay off 25 of its 100 workers, without giving any redundancy pay. Tritec's acting CEO told the *Dominion Post*: "In the past 12 months the company has lost one third of its sales and there are indications of further deterioration."

Workers in the construction sector, meanwhile, are likely to face some of the most devastating redundancies. Hudson's survey found that 29 percent of employers in the sector expected to lay off staff. Goldman Sachs JBWere economist Shamubeel Eaqub told the *Dominion Post* that following a massive drop in new house building the industry was "overstaffed by about 35,000 persons".

Last month, Fletcher Building announced it would lay off 30 staff at its NZ Laminex plant in Helensville and 80 at its Pylco Select plant in Penrose, which is ceasing production at the end of this year. The Fletcher-owned laminate manufacturer O'Brien Group announced it was laying off 10 staff at its plant in Mosgiel, Dunedin, where hundreds of jobs were lost earlier this year after meat processor Silver Fern Farms and appliance manufacturer Fisher & Paykel shut their factories. The total number of staff laid off by Fletcher this year now stands at 700.

In October, timber giant Carter Holt Harvey (CHH) announced it would cut a total of 316 jobs by the end of the year at its sawmills in Mt Maunganui and Putaruru. One resident of Putaruru, which has a population of just 3,765, and where CHH will lay off 212 workers, told the *New Zealand Listener*: "Putaruru is going to be a ghost town". The principal of the local high school said he would need to "reduce staff dramatically" as families moved away to look for new jobs. Others affected by the mill's impending closure include retailers and trucking contractors. Alona Niko, a mother of five whose husband is among those laid off at the mill, told the *Listener* that her family was already struggling to buy food and pay rent on a weekly wage of just $NZ470 ($US255). Food prices have risen by 10 percent in the past

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year. CHH is owned by Graeme Hart, who ranked number one on the *National Business Review*'s 2008 Rich List, with a fortune of $NZ6.1 billion ($US3.31 billion).

In November, Air New Zealand announced it would cut 200 jobs, including 100 long-haul cabin crew and 68 technical and management staff. The airline has reduced its capacity by 8 percent in the past year to meet a drop in passenger numbers. George Ryde, national secretary of the Aviation and Marine Engineers Association, expressed his organisation's unwillingness to challenge the cuts, telling Radio NZ: "There's going to be less jobs at the end of the day, regardless of what the union can do."

Kiwi Plastic Company lay-offs

On November 17, three workers were laid off at the Kiwi Plastic Company's (KPC) plastic bag factory in Porirua. Aki Tuangalu, Tiaina Tavita and Nofo Wright received a week's notice and a mere $1,000 in redundancy pay when KPC closed its night shift, citing increased costs and a downturn in business due to the global economic crisis. Tuangalu, a father of five, had worked for the company for 16 years, Tavita for 12 and Wright for eight. The trio were the only union members employed at KPC.

The *World Socialist Web Site* spoke to Aki Tuangalu's wife, Mary, about her husband's experiences with KPC. Mary explained that her husband was the company's longest-serving employee. Tuangalu supervised the factory's 12-hour long night shift, earning the minimum legal wage of just $12 an hour. When he was first hired he earned just $6.50 an hour.

Mary explained that on top of his duties as supervisor, Aki, a skilled mechanic, was frequently called upon to fix malfunctioning machinery, saving the company "thousands of dollars".

Mary told the WSWS that her husband, Nofo Wright and Tiaina Tavita had angered the company's managing director Angelus Tay in 2002 by joining the Service and Food Workers Union (SFWU) and by reporting their concerns about safety in the factory to the Department of Labour. Tay was fined $60,000 for knowingly endangering an untrained worker by allowing him to operate a machine that had partially amputated another worker's thumb. Mary described Tay as a "manipulative" boss, who actively discriminated against union members.

Mary said their experience with the SFWU was "quite disheartening... I got really frustrated". Despite having been in the union for six years, Tuangalu and his co-workers had remained on the minimum wage and had no guaranteed redundancy package. She said that as far as she could recall the union had not once organised a strike or industrial action of any kind at KPC's factory. She had begun to feel that there was "no point in paying the union fees".

When the company announced its layoffs, Mary phoned the SFWU headquarters and spoke to its national secretary, John Ryall, to ask why the union was doing nothing to defend its members. Recalling her conversation with Ryall, she exclaimed: "It's taken you guys six years! ... What are you guys doing?" In response, Ryall suggested that Mary take her husband's story to the media.

The Tuangalus followed this advice, despite receiving threats from KPC that it would reduce Aki Tuangalu's $1,000 payout if they did so. Reports appeared in the *Dominion Post*, on TV One and TV3, all of which criticised KPC's measly redundancy payout, while covering up the SFWU's complicit role.

All the reports attempted to portray the Kiwi Plastic Company as an unusually bad employer, although this is far from true. Unsafe working conditions, job insecurity and poverty wages are the norm for hundreds of thousands of New Zealanders, and most employers do not offer redundancy pay. The Tuangalus' ordeal highlights the obstacles confronting the majority of workers struggling to make ends meet.

Government attacks

Next year, thousands more New Zealand workers will face losing their jobs.

In response, the National-led government will set aside the tiny sum of $42 million a year for those made redundant as a result of the recession, to be given out in the form of increased welfare and accommodation supplements, worth up to a total of just $160 a week. Laid-off workers will only be able to access these miserly payments for the first 16 weeks of unemployment, after which they will receive the standard unemployment benefit of $120 to $180 a week.

Meanwhile, the new government passed a bill last week to allow businesses with 20 employees or less to sack new employees at any time during a 90-day "probation period", without having to provide any reasons for doing so. According to the Council of Trade Unions, the law change will mean that approximately 100,000 workers at any one time will have no legal means to defend their jobs.

As the global economic crisis unfolds, New Zealand's ruling elite will not hesitate to implement further, more ruthless attacks on the working class. An ominous explanatory note attached to the bill says that the government will consider "extending" the 90-day probation period "to cover all employers in future."

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