New Zealand unions collaborate in axing Pacific Brands jobs

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Less than week after the New Zealand government sponsored a "Jobs Summit" in response to the deepening international recession, the Australian-owned clothing company Pacific Brands announced the closure of its Christchurch and Palmerston North factories in New Zealand, with the loss of 89 jobs. Pacific Brands had earlier announced it would shut down manufacturing at seven sites throughout Australia, costing 1,850 jobs, and destroy 850 jobs in China and a further 650 office positions internationally.

Pacific Brands—formerly Lane Walker Rudkin in New Zealand—is an Australian-based transnational with operations in Australia, New Zealand, United Kingdom, Malaysia, China and Indonesia. Last month, it revealed a half-year loss of $A149.95 million, after writing off about $200 million in non-cash assets.

Workers in New Zealand were told about the closures at meetings on March 5, with the plants expected to shut between July and September. The Palmerston North business, which produces thermal clothing, will be offered for sale, while the Christchurch sock factory is to be closed. Pacific Brands CEO Sue Morphet claimed the strategy was designed to "restructure and sharpen" the focus of the business. About 400 staff will remain in New Zealand.

In a statement to the Australian stock exchange, the company said it was ending all its manufacturing operations and replacing them with outsourcing. Already 70 percent of production is by contractors. The closures are being driven by a consortium of the "big four" Australian banks, ANZ, CBA, NAB and Westpac, plus HSBC, which is enforcing a six-month repayment deadline on $A550 million owed by the company.

Pacific Brands was bought from Pacific Dunlop in 2001 for $730 million by the private equity funds, CVC Asia Pacific and Catalyst Investment Managers, backed by the Macquarie Bank. The private equity funds engaged in an asset-stripping exercise, taking $100 million out in cash, loading the company with debt and then selling it on the share market for $1 billion, reaping a $370 million profit.

During the same period, Pacific Brands told its workers in New Zealand that it could not afford decent wage increases and from time to time forced them onto 4-day weeks. The workers, most of them paid at minimum wages, also have shares in the company, whose price recently plummeted from $A2.50 to 17 cents.

National Distribution Union (NDU) president Robert Reid said the company had announced it was formally beginning a consultation process as required under the terms of the collective employment contract. It is already clear that management can count on the union to oversee orderly closures.

"Like the Australian unions," Reid said, the NDU is "committed to work with PacBrands to see if there is any way the plants can remain open and jobs can be saved". No union campaign will be waged to defend jobs. The union's priority is that "PacBrands' workers redundancy payments are safe if closure and redundancy is the final decision". The NDU's sole demand is to put workers' entitlements in trust.

Pointing to union protests in Australia, Reid declared:

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"New Zealand must join the chorus of opposition across the Tasman at the decision of Pacific Brands to cease its manufacturing in Australia and New Zealand and move operations to China and other low-wage countries." In fact, official union protests in Australia were organised not to defend any jobs but to stifle any independent initiative by workers themselves. And there was no mention of the 850 Chinese workers also losing their jobs.

As an NDU press release underscored, the union regards the job losses as inevitable. Headed "Another day, another closure: Pacific Brand's NZ workers get the bad news," it declared: "The PacBrands story reads just like a re-run of Feltex" and most likely the Pacific Brands workers "will suffer the same fate". Feltex, the country's main carpet-maker, mothballed its Foxton and Feilding plants last May, without any struggle by the NDU to save jobs.

The NDU has sounded a note of New Zealand nationalism, complaining that the redundancy payout for "Kiwi workers" will be less than half the entitlements for Australian workers. Union bureaucrats commonly inveigh against hardnosed Australian companies and "Australian bullying" as compared to supposedly more compassionate New Zealand owners. The purpose of all this is to block any united struggle across national lines and to tie workers to their "own" government, banks and employers.

This was evident on a much wider scale at the Jobs Summit convened by the conservative National government on February 27. NDU national secretary Laila Harre was one of 12 top union officials invited to join the country's top business, banking and government leaders. Chaired by the stock exchange CEO Mark Weldon, the summit produced a list of 20 proposals designed to prop up businesses with public funds, while placing the burden of the crisis squarely on the backs of working people.

The participation of the union leaders underscores the role they have played over the past two and a half decades as enforcers of the government-corporate agenda. On the eve of the summit, Harre boasted to Paul Henry, the right-wing host of TVNZ's "Breakfast" program, that the NDU was already in negotiations with "10 or 12 companies" to reduce shift levels and hours of work.

The unions' nationalist and corporatist outlook was summarised in a discussion document produced for the summit by the NZ Council of Trade Unions (CTU), calling on New Zealanders to respond "as a nation to minimise the impact of the recession on all parties, including workers". One summit proposal, announced this week, is the imposition of a 9-day working fortnight that will be used to cut the pay of thousands of workers.

In other words, workers have to continually sacrifice to maintain the competitiveness and profits of New Zealand companies. The end result can be seen at Pacific Brands where jobs are being axed with no regard for the previous concessions extracted, with the assistance of the unions, from the workforce.

The Pacific Brands' closures are part of a wider onslaught on jobs in New Zealand and globally. As the world recession has deepened, thousands of workers have been sacked across the country over the past two months. In the past two weeks alone, 105 jobs have been axed at Irwin Industrial Tools, 60 at Nelson Pine Industries, up to 76 public servants at the Tertiary Education Commission and another 90 at the Environment Ministry, 40 from GE Money, 29 at CWF Hamilton, 65 at Blue Mountain Lumber and 180 at Sealord Fisheries. The Warehouse is cutting the equivalent of 600 jobs by reducing hours and staffing levels.

No campaign to defend jobs has been waged by any of the unions involved.

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