

# Job destruction accelerates in New Zealand as unions enforce austerity measures

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Unemployment figures just released in New Zealand indicate that, far from abating, the effects of the international recession are worsening, with thousands being thrown into unemployment and dole queues lengthening each week.

With many companies going to the wall and the conservative National Party-led government carrying out the agenda of the financial markets, the unions and the labour bureaucracy have quickly emerged as prime enforcers of the government's austerity measures. The unions, in many cases led by figures from the so-called radical "left", are openly collaborating with both the government and business in stifling and suppressing any opposition in the working class.

In a report headed "Dole numbers worse than expected", the *New Zealand Herald* noted on July 13 that the number of people claiming the unemployment benefit has topped 50,000—almost three times the 17,710 figure at the same time last year.

Workers in the country's largest city and industrial centre, Auckland, account for almost half of the increase. About 15,000 more are on the dole there than in June last year and almost one in three is young—aged between 18 and 24—sharply up on the one in five rate of a year earlier. Maori and Pacific Islanders are particularly struggling, making up almost half of those on the benefit in the region.

Employment Minister Paula Bennett admitted that the speed of the rise in unemployment figures had caught the government by surprise. "It is happening over a shorter time than expected, and in higher numbers," Bennett said. "We are hoping it plateaus, but it is a sharp incline, especially over the past six weeks."

A report in June revealed that one thousand people a week were joining the dole queues, but the true unemployment figures are much higher than this. Many discouraged former workers are either not applying for benefits or are ineligible because their partners work. Some estimates put the weekly job losses running at over 2,000. Bennett said that the government unemployment agency, Work and Income, had found many people were waiting until they were desperate and behind in their mortgage payments or rent before officially seeking help.

Overall economic figures plummeted in the March quarter. The economy shrank for a fifth consecutive quarter in the three months to March and recorded its first annual decline in economic activity since 1992. GDP fell 1 percent in the quarter, following a revised fall of 1 percent in the December quarter.

On an annual basis, GDP was down 1 percent for the year ended March. This is the first time since the series started in 1986 that GDP has declined for five straight quarters, while the 1 percent declines of the December and March quarters were the largest for 18 years. Numbers on the unemployment benefit are forecast to reach 90,000 in 2011 and the unemployment rate—now about 5 percent—to reach 7.6 percent.

These figures give only part of the bleak picture facing working people. Statistics NZ data released in May showed a 1.9 percent drop in hours worked in the year to March, the biggest fall in 17 years. Meanwhile, the government has told the country's 50,000 teachers and 20,000 nurses not to expect a pay rise next year when contracts come up for re-negotiation. Finance Minister Bill English told parliament that many companies had already frozen wages and in the current climate, "most New Zealanders are receiving little or nothing extra". Rises of 4 percent negotiated in the last state sector pay rounds were "no longer acceptable," English warned.

Among the more notable company closures and sackings since May include:

**Line 7**, known for its sailing and outdoor clothing and with links to the America's Cup has gone into receivership, blaming economic hard times and the volatile NZ dollar. Line 7 had a chain of 11 stores, employed 110 local staff and exported to Australia, Britain, the US and the Caribbean. Its manufacturing was done mostly in China.

Up to 200 public servants will be made redundant or forced to move because of plans to close **Child, Youth and Family** (CYFS) service offices in 12 provincial centres from Whangarei to Dunedin. CYFS will be the biggest net loser in the restructuring of the Social Development Ministry, which will abolish a tier from CYFS' present four-tier structure in order to save \$34 million over the next three years.

Nearly 400 jobs at **NZ Post** are going. There have been 237 redundancies in the first half of this year, 86 jobs were lost through attrition, and 61 fixed term contracts were not renewed. The recession, an unprecedented mail volume decline and "challenging trading conditions" are being blamed for job cuts. Further cuts are probable due to the "tough commercial environment", while another 74 redundancies are earmarked in plans to close the Auckland call centre.

Clothing manufacturer **Pacific Brands** has confirmed it will close its Palmerston North factory, with the loss of 50 jobs, after

efforts to sell it failed. In March, the company announced it intended to stop production in its Christchurch and Palmerston North plants. Both factories went up for sale but the company received no offers. The announcement came two weeks after the company said it was closing the Christchurch factory with the loss of 38 jobs.

Another 186 clothing workers have been sacked at **Lane Walker Rudkin** (LWR). Once a mainstay of the country's textile industry, LWR and its seven subsidiaries are now bankrupt with debts of \$121 million. At its peak, LWR had 4000 staff throughout New Zealand including many in small towns on the West Coast, the wider South Island, and the Wairarapa.

Swedish-based **SCA Hygiene**, New Zealand's biggest producer of tissue products for such brands as Sorbent, Purex, Handee and Treasures, will close its west Auckland factory by early 2010, at the cost of 118 jobs. The Henderson plant was running at a loss of \$3.5 million a year.

**Fletcher Laminates**, a division of leading corporate Fletcher Building is to close its Kumeu site with the loss of 41 jobs. The closure follows the layoff of around 20 workers from the mill at the end of last year. A few years ago the mill employed over 100 people.

Far from opposing this government-corporate assault, opposition Labour Party leader Phil Goff has responded by calling on National to "revise its approach to saving jobs". In relation to young people, Goff merely proposed that "other options" be found for young workers, such as more training when they left school.

This response dovetails with that of the unions, which have been working to ensure "orderly" redundancies and offering full backing to "local" employers. This has included promoting a nine-day working fortnight scheme agreed to at the Key government's so-called Job Summit in February. The participation of a dozen union leaders at the summit underscored the role they have played over the past two and a half decades as enforcers of the government-corporate agenda.

The public service unions have accepted the mounting state sector job cuts—heading towards 2,000 since the start of the year—without the slightest resistance. The National Union of Public Employees responded to the redundancies at CYFS by saying that while the unions were "concerned" for the 193 staff who would lose their jobs, they "could not fault the logic" of cutting out one tier of administration.

Also justifying the sackings, Public Service Association (PSA) national secretary Brenda Pilott pointed out that other state agencies, such as the Tertiary Education Commission and Ministry of Justice, were also closing their regional offices. "Focusing on having fewer layers makes good sense if it means staff are better able to focus on what they do," Pilott declared. Faced with the government's threat of a state sector pay freeze, the PSA promptly welcomed the opportunity to "have a serious discussion with the government about improving productivity in the public sector".

The union at the centre of the collapse of the clothing manufacturing sector, the National Distribution Union (NDU), has openly turned itself into an arm of the employers, overseeing the closures at Pacific Brands and LWR. Union president Robert Reid said workers had lived under the threat of closure at Pacific Brands

for almost four months and the final announcement had come as a "relief". "Now the announcement has been made the workers will be able to get on and organise the rest of their lives," Reid said, in callous disregard of the threat of permanent unemployment facing every employee.

In May, the NDU turned over a two-day national delegates' conference to employers in order to "come up with concrete actions that the NDU, its delegates and members can take to turn around the fortunes of the manufacturing sector". The conference opened with an address by the Manufacturing and Exporters Association CEO John Walley, while workshop sessions were conducted by the CEO of Textiles NZ and a representative from the Wood Processors Association. Underlining the unions' promotion of economic nationalism, a session was given over to a "Make it Here" campaign promoted by the Green Party.

Lest the NDU delegates failed to get the message, a speaker from Work and Income was brought in to address the conference on "the range of initiatives for redundant workers available through that agency".

The purpose of these deliberations soon became apparent. At the beginning of June, the NDU and Oamaru-based Summit Wool Spinners agreed to call for up to 30 new voluntary redundancies and a paid 8-day mill closure in response to a further downturn in the international wool yarn spinning industry. The agreement came on top of almost 50 redundancies and short weeks negotiated from late March, including the government's 9-day fortnight scheme which had been touted by the unions as a "job saving" measure. The NDU boasted that the deal was "humane", compared with what it called a more "traditional corporate approach"—confirming its key role in facilitating the attacks on jobs, wages and conditions.

The move by the NDU to position itself as the accomplice of manufacturing sector employers and flag-bearer for the National government's 9-day working fortnight exposes the rightward shift of an entire layer of the New Zealand "left". The NDU's two leading figures are Reid, a prominent former member of the "left-wing" Alliance and now defunct pro-Stalinist Workers Communist League, and national secretary Laila Harre, a former Alliance MP and women's affairs minister in the 1999 - 2002 Labour-Alliance government.

Harre last week announced she was resigning from her NDU position in order to become human resources manager at the Auckland "super city" council, which is currently in formation—completing her transition from "left" pretender to employers' hired gun. One of Harre's first tasks will undoubtedly be to sack many of the 6,800 workers whose existing positions will be declared surplus to requirements following the amalgamation of the six existing local authorities into one.



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