

New Zealand rail union collaborates with job cuts

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The New Zealand state-owned rail operator KiwiRail confirmed on July 10 that it would axe 200 jobs over the next three months and slash \$14 million a year in wage costs. The cuts had been revealed in a leaked “consultation document” under discussion between KiwiRail management and the Rail and Maritime Transport Union (RMTU).

The cuts are part of the deepening assault on jobs, living standards and public services being carried out by the conservative National Party government. It is implementing the same savage austerity drive against working people being demanded globally by the international financiers as the capitalist crisis worsens.

Between 170 and 220 jobs will go from the infrastructure and engineering (I&E) arm, which employs 1,000 of KiwiRail’s 4,100 staff. Savings of \$200 million are being imposed over the next three years, including cuts to network spending. A further 100 jobs could go by the end of 2013.

The cuts are a clear preparation to sell off the rail network. Last month, KiwiRail wrote down the overall value of its operation from \$7.8 billion to between \$1.1 and \$1.3 billion. Chairman John Spencer said the company’s balance sheet needed to “reflect a standard commercial valuation approach.” The “more realistic” valuation of the company’s assets, Spencer said, would assist KiwiRail to meet its “commercial objectives” and provide “more discipline in driving improved performance.”

The RMTU, far from opposing the job cuts and the “efficiency” speed-ups that will inevitably follow, is collaborating fully with KiwiRail. RMTU general secretary Wayne Butson admitted the union had, for the

previous two weeks, been running joint meetings with management for “staff to hear the proposals.” While workers overwhelmingly opposed the plans, the union was putting forward “all options for achieving cost savings.”

The union is proposing no industrial action and has kept workers isolated. No union members outside the I&E division have been told anything about the impending job cuts, or the potential for further attacks. One train guard at the Tranz Metro passenger depot in Wellington told the WSWS that the union’s attitude was “basically, it’s none of our business.” Consultation meetings were completed in the Far North, Marlborough, the West Coast, Dunedin and Invercargill last week, but no meetings have been called for the membership as a whole.

The RMTU and the Council of Trade Unions (CTU) have a long history of collaborating in the restructuring of the rail system and destroying workers’ jobs. Earlier this year, KiwiRail announced it was selling its Hillside railway engineering workshop in Dunedin, the country’s largest heavy engineering site. It had already cut 44 jobs at Hillside last June, leaving a workforce of just 130. A public petition to save the Hillside jobs was rejected by a parliamentary select committee. Butson dutifully promised the union would “work proactively with prospective buyers to ensure a smooth transition, including the retention of its highly skilled staff.”

The opposition parties, Labour, the Greens and NZ First, have postured as opponents of the latest job cuts. Labour’s Phil Twyford blamed the lay-offs on the government’s unrealistic financial and revenue targets. The Green Party said KiwiRail’s decision was the consequence of National’s “ideologically-driven” transport strategy that underinvested in rail.

In fact, the current position of KiwiRail is the outcome of the long-term decline in rail services through the restructuring carried out under Labour and National-led governments alike, supported by all the minor parties, over the past two decades.

KiwiRail's predecessor, the state-owned NZ Rail, was prepared for sale under "reforms" introduced by Labour in the 1980s, when government departments were transformed into profit making State-Owned Enterprises. Some 9,000 rail jobs were axed and the company's annual after-tax profits rose to over \$150 million.

In 1993 the National government sold the railways for \$328 million to a Tranz Rail consortium led by the New Zealand merchant bank Fay Richwhite and the US-based rail operator Wisconsin Central Transportation Corporation. The buyers' equity contribution was only \$105 million, of which \$100 million was returned within two years. A relentless assault on jobs, safety and working conditions saw the company post annual net profits from 1997 to 1999 of \$60.6 million, \$48.2 million and \$70.2 million.

The corporate owners treated the company as a cash cow, stripping assets and progressively running down infrastructure and services. Workshops at Christchurch, Wanganui, Petone and Otahuhu were shut. A number of regional services came to an end in the early 2000s, leaving only four long-distance passenger routes.

In 2003 Toll Holdings took control after Tranz Rail shares collapsed to a record low. Toll soon began threatening to slash rail services, including the main trunk line. In what it called a "strategic" decision, the Labour government of Prime Minister Helen Clarke bought back the rail and ferry business in 2008, for \$690 million, with Toll keeping the profitable truck freight operations. Three months later, KiwiRail's asset value was slashed by \$242 million.

Since then, the main trunk service between Auckland to Wellington has recently been downgraded, with 12 passenger stops eliminated, while the Capital Connection between Wellington and Palmerston North is under threat.

What has dominated throughout has been the drive for profits at the expense of the workforce and the needs of

working people for a cheap, safe and efficient public transport system. The workforce has been decimated, with heavy engineering all but wiped out, along with thousands of jobs for drivers, station hands, track maintenance workers and train supervisors. The commuter passenger division, Tranz Metro, has been plagued by unreliable services, deteriorating infrastructure and outdated rolling stock. Full-time permanent employment for train guards and ticket "clippies" has been undermined by the growing use of part-time, casual and split-shift work.

Responsibility for this state of affairs rests with governments of all stripes, and particularly with the Labour Party, which initiated the restructuring, and the unions that collaborated in imposing this big business agenda on workers.

Rail workers should reject the management-union deals and initiate a struggle to defend all jobs and conditions. This requires a complete break with the trade unions, the establishment of rank-and-file committees and a turn to other sections of workers in New Zealand and internationally who are facing similar attacks.

Such a campaign will inevitably involve a political struggle against TranzRail management, the Key government and the trade unions that can be waged only on the basis of a fight for a workers' government and socialist policies. The rail system and other essential utilities, along with the banks and major private corporations, must be placed under the democratic control and public ownership of the working class, as part of the socialist reorganisation of society.



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