Job cuts confirmed at New Zealand rail

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27 September 2012

New Zealand's state-owned rail operator KiwiRail confirmed this week that it is to axe 158 jobs. Infrastructure and Engineering staff (I & E) are taking the brunt of redundancies, reducing the division's 714-strong work force to 556. The company is looking to shave $200 million from its books over the next three years, including $14 million per annum in wages, and there is talk of a second round of job cuts in March. KiwiRail currently employs 4,100 staff nationwide.

The Rail and Maritime Transport Union (RMTU) has played the central role in imposing the cuts. Plans to make the workforce bear the brunt of the cost-cutting program were first outlined in joint "consultation" meetings in July, at which the RMTU boasted it had put forward "all options for achieving cost savings" (see: "New Zealand rail union collaborates with job cuts"). The final scale of the cuts was arrived at after "weeks" of discussions with the union, according to KiwiRail. Rick van Barneveld, I & E general manager, noted: "We've worked very closely with the union and staff to ensure all those affected have the information they need, and understand the process."

The RMTU assisted the company to downsize by organising 70 workers to take voluntary redundancy. Early threats of industrial action were simply rhetoric. The alienation of workers from the RMTU was revealed in a recent annual report by the chairman of the Wellington branch, obtained by the WSWS, in which he conceded: "There seems to be some discord out there that the union is not doing enough to keep our jobs and we are not paid enough." The report issued a hollow call for "unity" to "save jobs."

The cuts are a result of financial targets imposed by the National government, which is preparing KiwiRail and several other state-owned companies for privatisation. In July it was revealed that the TranzScenic long-distance passenger services, as well as the Coastal Pacific, TranzAlpine, Northern Explorer and Capital Connection lines were being readied for sale or to be operated in partnership with a private company. CEO Jim Quinn said several offers were already on the table, and it was simply a matter of deciding which were "viable."

Last month KiwiRail announced it had missed its annual earnings targets by $NZ35 million. It also revealed that a previously announced asset write-down was $400 million larger than expected at $7.1 billion. Revenue climbed 7 percent to $715 million due to growth in freight. However, the Interislander ferries and the TranzScenic passenger business suffered a decline following the Christchurch earthquake. Higher fuel costs also hit earnings. The Tranz Metro commuter services in Wellington and Auckland reported a 30 percent drop in revenue to $45.7 million.

KiwiRail Chairman John Spencer has warned that "hard decisions" will have to be made to reduce costs and lift efficiency to meet this year's finance targets. These include the sale of the Hillside railway engineering workshop in Dunedin, the country's largest remaining heavy engineering site. In June, the main trunk service between Auckland to Wellington was downgraded, with 12 passenger stops eliminated. The Capital Connection between Wellington and Palmerston North is under threat. Commuters in the Wellington region are facing substantial fare increases from October.

"Unprofitable" lines are being closed regardless of their importance to the communities they serve. Residents of Gisborne, an isolated provincial centre on the East Coast of the North Island, held a protest rally on August 31 in a last-ditch effort to secure the future of the Gisborne-Hawkes Bay line. Organised by the Gisborne Rail Action Group, the rally followed an April march by 2,000 people and a petition with 10,480 signatures asking the government to restore the line, which was closed in March after storms caused $4

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million in damage. Quinn indicated that to keep the line open, the local authorities would have to "invest" by providing cash subsidies.

Other cost-cutting measures include halving track maintenance work by 2015. Already major problems have surfaced in infrastructure and rolling stock. Some 7,000 sleepers imported from Peru, which do not meet international hardwood standards, are rotting and being replaced at a cost of $7 million. Tracks on the West Coast coal routes and the forestry region of the central North Island are reported to be in an "unacceptable" condition and pose a "prejudicial" safety risk. Ongoing technical problems have forced the delay of a second tranche of new Chinese-made locomotives, while faulty brakes on 500 newly purchased freight wagons had to be replaced before they could be used.

The parlous position of the rail network is the outcome of its long-term decline following the privatisation program carried out under Labour and National-led governments alike, supported by all the minor parties and in collaboration with the unions, over the past three decades. KiwiRail's predecessor, the state-owned NZ Rail, was prepared for sale by Labour in the 1980s. In 1993 the National government sold it for $328 million to a joint NZ-US private consortium. A relentless assault on jobs, safety and working conditions followed. A series of corporate owners treated the company as a cash cow, stripping assets and running down infrastructure and services. The Labour government of Prime Minister Helen Clark bought back the business in 2008 for $690 million but continued to under-invest.

The fresh attacks on rail are part of a vast new international process of restructuring of basic industry in response to the economic crisis. Australia's biggest freight operator QR National, privatised by the Queensland Labor government in 2010, announced 500 job cuts in July, adding to the 600 it shed last year, as part of a "top-to-bottom overhaul" of its operations. It also faces the sale of the 34 percent stake still held by the state government—a potential package of $A3billion on offer to corporate investors.

Communities that depend on rail for transport and freight, and workers who operate the rail system, must reject the nostrums that the provision of public transport must be subordinated to what is deemed "affordable" by the capitalist market. Starved of public investment, deliberately run down and allowed to decay, the endless litany of profit-driven, cost-cutting measures now threatens the existence of the entire rail network.

For rail workers, the defence of jobs and conditions requires a complete break with the trade unions, and a turn to other sections of workers in New Zealand and internationally who are facing similar attacks. A united struggle must be launched across the entire working class to oppose the wave of job cuts currently enveloping KiwiRail, Solid Energy, the Tiwai Point aluminium smelter, Norske Skog, the Port of Timaru and elsewhere. In each case the unions have ruled out industrial action, kept the workers isolated, helped to cut costs and push through redundancies, while making worthless appeals for the government to intervene.

New organisations of the working class, including rank-and-file committees, must be built to fight for a workers' government and socialist policies. All people have the right to safe and affordable public transport. Creating a properly-funded, modern and efficient public transport system requires the refashioning of society on a socialist basis to meet the social needs of the majority, not the profits of the wealthy few.

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